

ANNEXURE C

REVIEWED BUDGET POLICIES

MUNICIPAL BUDGET POLICY

MAQUASSI HILLS LOCAL MUNICIPALITY



MUNICIPAL BUDGET POLICY

**SLC RESOLUTION: 11/2020
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MAQUASSI HILLS

LOCAL MUNICIPALITY

MUNICIPAL BUDGET POLICY

TABLE OF CONTENTS

CHAPTER 1

GENERAL PROVISIONS

ITEM NO.	ITEM	PAGE NO.
1.	DEFINITIONS	9
2.	LEGISLATIVE CONTEXT	15
3.	ADOPTION AND COMMENCEMENT OF THIS POLICY	16
4.	TITLE AND APPLICATION	16
5.	OBJECTIVE OF THIS POLICY	16

CHAPTER 2

MUNICIPAL BUDGETS

ITEM NO.	ITEM	PAGE NO.
6.	BUDGET STEERING COMMITTEE (REGULATION 4)	17
7.	QUALITY CERTIFICATION (REGULATION 5)	17
8.	CONSISTENCY IN BASES OF MEASUREMENT AND ACCOUNTING POLICIES (REGULATION 6)	18

24.	PUBLICATION OF APPROVED SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (REGULATION 19)	39
25.	SUBMISSION OF APPROVED ANNUAL BUDGET AND OTHER DOCUMENTS (REGULATION 20)	40

CHAPTER 4

ADJUSTMENT BUDGETS

ITEM NO.	ITEM	PAGE NO.
26.	ADJUSTMENT BUDGET (SECTION 28 AND REGULATION 21)	41
27.	FUNDING OF ADJUSTMENTS BUDGET (REGULATION 22)	42
28.	TIMEFRAMES FOR TABLING OF ADJUSTMENTS BUDGET (REGULATION 23)	43
29.	SUBMISSION OF TABLED ADJUSTMENTS BUDGETS (REGULATION 24)	45
30.	APPROVAL OF ADJUSTMENTS BUDGET (REGULATION 25)	46
31.	PUBLICATION OF APPROVED ADJUSTMENTS BUDGET (REGULATION 26)	47
32.	SUBMISSION OF APPROVED ADJUSTMENTS BUDGET AND OTHER DOCUMENTS (REGULATION 27)	48

CHAPTER 5

UNFORSEEN AND UNAVOIDABLE EXPENDITURE

ITEM NO.	ITEM	PAGE NO.
33.	UNFORSEEN AND UNAVOIDABLE EXPENDITURE (SECTION 29)	50
34.	AUTHORISATION OF UNFORESEEN AND UNAVOIDABLE	50



	52 AND REGULATION 29)	
43.	PUBLICATION OF MONTHLY BUDGET STATEMENTS (SECTION 75 AND REGULATION 30)	60
44.	QUARTERLY REPORTS ON IMPLEMENTATION OF BUDGET (REGULATION 31)	61
45.	PUBLICATION OF QUARTERLY REPORTS ON IMPLEMENTATION OF BUDGET (REGULATION 32)	61
46.	FORMAT OF A MID-YEAR BUDGET AND PERFORMANCE ASSESSMENT (REGULATION 33)	61
47.	PUBLICATION OF MID-YEAR BUDGET AND PERFORMANCE ASSESSMENTS (REGULATION 34)	62
48.	SUBMISSION OF MID-YEAR BUDGET AND PERFORMANCE ASSESSMENTS (REGULATION 35)	62

CHAPTER 8 NON-COMPLIANCE

ITEM NO.	ITEM	PAGE NO.
49.	FAILURE TO APPROVE BUDGET (SECTION 25)	63
50.	CONSEQUENCES OF FAILURE TO APPROVE BUDGET (SECTION 26)	63
51.	NON-COMPLIANCE WITH THE MFMA RELATING TO BUDGETARY PROCEDURE (SECTION 27)	65
52.	APPLICATIONS FOR EXTENSION OF TIME LIMITS (REGULATION 60)	66
53.	FRAMEWORK FOR CONSIDERATION OF APPLICATIONS (REGULATION 61)	67
54.	POSSIBLE NON-COMPLIANCE WITH SECTION 16(1) OF THE MFMA (REGULATION 62)	69

CHAPTER 1

GENERAL PROVISIONS

1. DEFINITIONS

In this policy, except where the context otherwise indicates, or it is expressly stipulated otherwise, the following words and expressions shall have the respective meanings assigned to them hereunder, and words and expressions to which a meaning has been assigned in terms of the provisions of the MFMA, Systems Act and Regulations, will have a corresponding meaning assigned thereto in terms of the said act. All headings are included for convenience only and shall not be used in the interpretation of any of the provisions of this policy.

NO.	WORD/EXPRESSION	DEFINITION
"A"		
1.1	"Accounting Officer"	Means the Municipal Manager appointed in terms of section 60 of the MFMA. Also referred to the definition of "Municipal Manager".
1.2	"annual budget"	Means the budget approved by the Council of the Municipality for a particular financial year, and shall include any adjustments to such a budget.
"C"		
1.3	"Chief Financial Officer"	Means the person appointed by the Council and designated by the Municipal Manager to manage the financial administration of the Municipality and who remains directly

1.11	“goods”	Apart from the normal grammatical meaning, also includes engineering and construction works and consultant works.
“I”		
1.12	“Integrated Development Plan” or “IDP”	The plan envisaged in terms of the provisions of section 25 of the Systems Act.
1.13	“in-year reports”	<p>In relation to a Municipality, means:</p> <p>(a) a monthly budget statement of the Municipality contemplated in section 71(1) of the MFMA;</p> <p>(b) a quarterly report on the implementation of the budget and financial state of affairs of the Municipality contemplated in section 52(d) of the MFMA; or</p> <p>(c) a mid-year budget and performance assessment of the Municipality contemplated in section 72 of the MFMA.</p>
“M”		
1.14	“Municipal Manager”	Means a person appointed in terms of section 82 (1) (a) or (b) of the Structures Act, the Municipal Manager and Accounting Officer of the Municipality appointed in terms of the provisions of section 54A of the Systems Act and as referred to in the definition of “Accounting Officer” in section 1 of the MFMA, and also referred to in section 60 of the MFMA, and includes a person acting as an Accounting Officer, or the



1.16	"National Treasury"	Means the National Treasury established by section 5 of the Public Finance Management Act; Act 1 of 1999.
"O"		
1.17	"official"	In relation to a Municipality means: (a) an employee of a Municipality; (b) a person seconded to a Municipality to work as a member of the staff of the Municipality or municipal entity; or (c) a person contracted by a Municipality to work as a member of the staff of the Municipality or municipal entity otherwise than as an employee.
1.18	"organ of state"	Means: (a) any department of state or administration in the national, provincial or local sphere of government or (b) any other functionary or institution: (i) exercising a power of performing a function in terms of the Constitution or a provincial constitution; or (ii) exerting a public power of performing a public function in terms of any legislation, but does not include a court or a judicial officer.
1.19	"own revenue"	In relation to regulation 72 of the Municipal Budget and Reporting Regulations, 2008 means total revenue

		Structures Act, Act 117 of 1998 and any regulations promulgated in terms of the MFMA.
1.25	“supporting documentation”	<p>In relation to-</p> <p>(a) an annual budget of a Municipality, means documentation referred to in section 17(3) of the MFMA;</p> <p>(b) an annual budget of a municipal entity, means documentation that informs the annual budget;</p> <p>(c) an adjustments budget of a Municipality, means documentation referred to in section 28(5)(d) of the MFMA; or</p> <p>(d) an adjustments budget of a municipal entity, means documentation that informs the adjustments budget.</p>
1.26	“Systems Act”	Means the Local Government: Municipal Systems Act, Act 32 of 2000, as amended, by Act 44 of 2003 and any regulations promulgated of the MFMA.
“T”		
1.27	“total revenue”	In relation to regulation 13(2) Municipal Budget and Reporting Regulations, 2008 means total revenue as reflected in the Municipality's financial performance budget by standard classification.

2. **LEGISLATIVE CONTEXT**

This policy is mandated, designed and must be implemented within the framework of inter alia the following legislation:

CHAPTER 2

MUNICIPAL BUDGETS

~~6. BUDGET STEERING COMMITTEE (REGULATION 4)~~

- (1) The Mayor must establish a budget steering committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the MFMA.
- (2) The budget steering committee must consist of at least the following persons:
 - (a) the councillor responsible for financial matters;
 - (b) the Municipal Manager;
 - (c) the chief financial officer;
 - (d) the senior managers responsible for at least the three largest votes in the Municipality;
 - (e) the manager responsible for budgeting;
 - (f) the manager responsible for planning; and
 - (g) any technical experts on infrastructure.

7. QUALITY CERTIFICATION (REGULATION 5)

- (1) A quality certificate, signed by the Municipal Manager, must accompany:
 - (a) an annual budget and supporting documentation;
 - (b) an adjustments budget and supporting documentation; or
 - (c) an in-year report of a Municipality;whenever one of the above is:
 - (a) submitted to the Mayor;
 - (b) tabled in the Council;
 - (c) made public; or



- (1) The Council of the Municipality must for each financial year approve an annual budget for the Municipality before the start of that financial year.
- (2) In order for the Municipality to comply with paragraph (1), the Mayor must table the annual budget at a meeting of the Council at least 90 days before the start of the budget year.
- (3) Paragraph (1) does not preclude the appropriation of money for capital expenditure for a period not exceeding three financial years, provided a separate appropriation is made for each of those financial years.

~~11. FORMAT OF ANNUAL BUDGETS (REGULATION 9)~~

- (1) The annual budget and supporting documentation of the Municipality must:
 - (a) be in the format specified in Schedule A to the Regulations;
 - (b) include all the required tables, charts and explanatory information; and
 - (c) take into account any guidelines issued by the Minister in terms of section 168(1) of the MFMA, as well as the MFMA Budget Formats Guide published on the National Treasury's website.

12. CONTENTS OF ANNUAL BUDGET AND SUPPORTING DOCUMENTS (SECTION 17)

Contents:

- (1) The annual budget of the Municipality must be a schedule in the prescribed format:
 - (a) setting out realistically anticipated revenue for the budget year from each revenue source;



- (ii) imposing any municipal tax and setting any municipal tariffs as may be required for the budget year; and
 - (iii) approving any other matter that may be prescribed;
- (b) measurable performance objectives for revenue from each source and for each vote in the budget, taking into account the Municipality's integrated development plan;
- (c) a projection of cash flow for the budget year by revenue source, broken down per month;
- (d) any proposed amendments to the Municipality's integrated development plan following the annual review of the integrated development plan in terms of section 34 of the Systems Act;
- (e) any proposed amendments to the budget-related policies of the Municipality;
- (f) particulars of the Municipality's investments;
- (g) any prescribed budget information on municipal entities under the sole or shared control of the Municipality;
- (h) particulars of all proposed new municipal entities which the Municipality intends to establish or in which the Municipality intends to participate;
- (i) particulars of any proposed service delivery agreements, including material amendments to existing service delivery agreements;
- (j) particulars of any proposed allocations or grants by the Municipality to-
 - (i) other municipalities;
 - (ii) any municipal entities and other external mechanisms assisting the Municipality in the exercise of its functions or powers;
 - (iii) any other organs of state;
 - (iv) any organisations or bodies referred to in section 67(1) of the MFMA;

- (3) The funding of an annual budget must:
- (a) be estimated in accordance with the assumptions and methodologies set out in the funding and reserves policy of the Municipality referred to in regulation 8; and
 - (b) be consistent with the trends, current and past, of actual funding collected or received.
- (4) Realistically anticipated revenues to be received from national or provincial government, national or provincial public entities, other municipalities, municipal entities, donors or any other source may be included in an annual budget only if there is acceptable documentation that guarantees the funds. Acceptable documentation is constituted by:
- (a) in the case of allocations or transfers from national or provincial government, the latest available:
 - (i) gazetted allocations or transfers to the Municipality following the approval of the current year's Division of Revenue Act, national annual budget, national adjustments budget, relevant provincial annual budget or provincial adjustments budget;
 - (ii) proposed allocations or transfers to the Municipality contained in the tabled national and provincial budgets as detailed in accordance with section 36(2) of the MFMA;
 - (iii) written notifications from the relevant treasury of proposed allocations or transfers subsequent to the previous year's national or provincial approved annual budgets and latest adjustment budgets, but prior to the current year's budgets being tabled; or

- (7) The Municipal Manager in signing the quality certificate in Schedule A to the Regulations, certifies that all ratepayers and consumers are accounted for in the annual budget calculations and that billing systems including property records and metering information are up to date and consistent with the revenue projections in the annual budget.
- (8) To determine whether an annual budget is funded in accordance with section 18 of the MFMA, a simultaneous analysis is required of the financial performance, financial position, cash flow, and capital expenditure budgets together with any requirements for working capital and cash investments held for statutory or contractual purposes.
- (9) Reference must also be made to the supporting table annexed to the latest MFMA Funding Compliance Guideline publishes by National Treasury, as well as the contents of the said guideline.

~~14. FUNDING OF CAPITAL EXPENDITURE (REGULATION 11)~~

- (1) An annual budget must show total capital expenditure and the different sources of funding.
- (2) All sources of funding shown in terms of paragraph (1) above must be available, and must not have been committed for other purposes.
- (3) The total budgeted capital funding by source must equal the total budgeted capital expenditure.
- (4) In this regard reference must be made to the contents of table A5 annexed to the Budgeted Capital Expenditure by Vote, Standard Classification and Funding as contained in Schedule A to the Regulations.



- (a) the Council resolution approving the capital project; and
 - (b) details of the nature, location and total projected cost of the approved capital project.
- (2) The following capital projects may be approved by a Council either individually or as part of a consolidated capital programme:
 - (a) capital projects of which the total projected cost is below 5% of the Municipality's revenue, in the case of a Municipality with approved total revenue in its current annual budget not exceeding R250 million;
 - (b) capital projects of which the total projected cost is below 8% of the Municipality's revenue, in the case of a Municipality with approved total revenue in its current annual budget greater than R250 million but not exceeding R500 million; and
 - (c) capital projects of which the total projected cost is below R50 million, in the case of a Municipality with approved total revenue in its current annual budget greater than R500 million.
- (3) Paragraph (1) above does not apply to capital projects whose total projected cost when the annual budget is approved is below the values set out in paragraph (2) above.
- (4) Expenditure needed for capital projects below the values set out in paragraph (2) above may be included in the annual budget before the project is approved.
- (5) Section 19 of the MFMA regulates budgetary matters in relation to capital projects. The Municipality may not spend any money on a capital project unless the Council has approved the specific project including the total cost. However, capital projects below a prescribed

CHAPTER 3

PRESCRIBED PROCESSES & APPROVAL

17. BUDGET PREPARATION PROCESS (SECTION 21)

(1) The Mayor of the Municipality must:

- (a) co-ordinate the processes for preparing the annual budget and for reviewing the Municipality's integrated development plan and budget-related policies to ensure that the tabled budget and any revisions of the integrated development plan and budget-related policies are mutually consistent and credible;
- (b) at least 10 months before the start of the budget year and not later than 1 September, table in the Council a time schedule outlining key deadlines for:
 - (i) the preparation, tabling and approval of the annual budget;
 - (ii) the annual review of:
 - (aa) the integrated development plan; and
 - (bb) the budget-related policies;
 - (iii) the tabling and adoption of any amendments to the integrated development plan and the budget-related policies; and
 - (iv) any consultative processes forming part of the processes referred to in subparagraphs (i), (ii) and (iii).

(2) When preparing the annual budget, the Mayor must:

- (a) take into account the Municipality's integrated development plan;
- (b) take all reasonable steps to ensure that the Municipality revises the integrated development plan, taking into account realistic revenue and expenditure projections for future years;



- (c) take into account the national budget, the relevant provincial budget, the national government's fiscal and macro-economic policy, the annual Division of Revenue Act and any agreements reached in the Budget Forum;
 - (d) consult:
 - (i) all local municipalities within the Municipality's area;
 - (ii) the relevant provincial treasury, and when requested, the National Treasury; and
 - (iii) any national or provincial organs of state, as may be prescribed; and
 - (e) provide, on request, any information relating to the budget:
 - (i) to the National Treasury; and
 - (ii) subject to any limitations that may be prescribed, to:
 - (aa) the national departments responsible for water, sanitation, electricity and any other service as may be prescribed;
 - (bb) any other national and provincial organ of states, as may be prescribed; and
 - (cc) another Municipality affected by the budget.
- (3) The Municipal Manager must assist the Mayor in performing the Mayor's budgetary obligations and provide administrative support, resources and information necessary for the performing of the Mayor's budgetary functions.

18. TABLING OF ANNUAL BUDGET IN COUNCIL (REGULATION 14)

- (1) An annual budget and supporting documentation, in the format and with the contents as set out in paragraph 11 and paragraph 12 above, tabled in the Council must:

- (a) be in the format in which it will eventually be approved by the Council; and
 - (b) be credible and realistic such that it is capable of being approved and implemented as tabled.
- (2) The Municipal Manager must submit the draft municipal service delivery and budget implementation plan to the Mayor together with the annual budget to be considered by the Mayor for.
- (3) For effective planning and implementation of the annual budget, the draft municipal service delivery and budget implementation plan may form part of the budget documentation and be tabled in the Council if so recommended by the budget steering committee.

19. PUBLICATION AND SUBMISSION OF ANNUAL BUDGETS
(SECTION 22 & REGULATION 15)

- (1) Immediately after an annual budget is tabled in the Council, the Municipal Manager must:
 - (a) in accordance with Chapter 4 of the Systems Act:
 - (i) make public the annual budget and the following documents :
 - (aa) Draft resolutions-
 - (I) approving the budget of the municipality;
 - (II) imposing any municipal tax and setting any municipal tariffs as may be required for the budget year; and
 - (III) approving any other matter that may be prescribed;
 - (bb) measurable performance objectives for revenue from each source and for each vote in the



- (i) each political office-bearer of the municipality;
 - (ii) councillors of the municipality; and
 - (iii) the municipal manager, the chief financial officer, each senior manager of the municipality and any other official of the municipality having a remuneration package greater than or equal to that of a senior manager;
 - (II) the proposed cost for the budget year to a municipal entity under the sole or shared control of the municipality of the salary, allowances and benefits of-
 - (i) each member of the entity's board of directors; and
 - (ii) the chief executive officer and each senior manager of the entity; and
 - (mm) any other supporting documentation as may be prescribed;
- and
- (ii) invite the local community to submit representations in connection with the budget; and
- (b) submit the annual budget:
- (i) in both printed and electronic formats to the National Treasury and the relevant provincial treasury; and
 - (ii) in either format to any prescribed national or provincial organs of state and to other municipalities affected by the budget.



- (2) When making public the annual budget and supporting documentation the Municipal Manager must also make public any other information that:
- (a) summaries of the annual budget and supporting documentation in alternate languages predominant in the community; and
 - (b) information relevant to each ward in the Municipality.
- (3) All information contemplated in paragraph (2) above must cover:
- (a) the relevant financial and service delivery implications of the annual budget; and
 - (b) at least the previous year's actual outcome, the current year's forecast outcome, the budget year, and the following two years.
- (4) When submitting the annual budget to the National Treasury and the relevant provincial treasury, the Municipal Manager must also submit to the National Treasury and the relevant provincial treasury, in both printed and electronic form:
- (a) the supporting documentation as tabled in the Council;
 - (b) the draft service delivery and budget implementation plan; and
 - (c) any other information as may be required by the National Treasury.
- (5) The Municipal Manager must send copies of the annual budget and supporting documentation as tabled in the Council, in both printed and electronic form to-
- (a) any other Municipality affected by the annual budget within ten working days of the annual budget being tabled in the Council; and
 - (b) any other organ of state on receipt of a request from that organ of state.



- (d) inform the local community that any person who cannot write may come during office hours to the main administrative office of the Municipality or other specified places as determined by the Municipal Manager, where a staff member of the Municipality named in the invitation, will assist that person to transcribe that person's comments or representations; and
 - (e) inform the local community of the website address of the Municipality where detailed particulars concerning the budget documentation can be obtained.
- (9) A copy of the above mentioned notice must also be displayed at the municipal offices and other specified places as determined by the Municipal Manger of the Municipality.
- (10) The Municipality shall also, its resources permitting, seek to convey the information as contained in the notice, to the local community by means of radio broadcast covering the area of jurisdiction of the Municipality.

~~20. CONSULTATIONS ON TABLED BUDGETS (SECTION 23)~~

- (1) When the annual budget has been tabled, the Council must consider any views of:
- (a) the local community; and
 - (b) the National Treasury, the relevant provincial treasury and any provincial or national organs of state or municipalities which made submissions on the budget.
- (2) After considering all budget submissions, the Council must give the Mayor an opportunity:



- (1) The Council must at least 30 days before the start of the budget year consider approval of the annual budget.
- (2) An annual budget:
 - (a) must be approved before the start of the budget year;
 - (b) is approved by the adoption by the Council of a; and
 - (c) must be approved together with the adoption of resolutions as may be necessary:
 - (i) imposing any municipal tax for the budget year;
 - (ii) setting any municipal tariffs for the budget year;
 - (iii) approving measurable performance objectives for revenue from each source and for each vote in the budget;
 - (iv) approving any changes to the Municipality's integrated development plan; and
 - (v) approving any changes to the Municipality's budget-related policies.
- (3) The Municipal Manager must submit the approved annual budget to the National Treasury and the relevant provincial treasury.
- (4) A Council must consider the full implications, financial or otherwise, of the annual budget and supporting documentation before approving the annual budget.
- (5) When approving the annual budget, the Council must consider and adopt separate resolutions dealing with each of the matters.

plan within ten working days after the Mayor has approved the plan in terms of section 53(1)(c)(ii) of the MFMA.

25. SUBMISSION OF APPROVED ANNUAL BUDGET AND OTHER DOCUMENTS (REGULATION 20)

- (1) The Municipal Manager must submit the approved annual budget to the National Treasury and the relevant provincial treasury within ten working days after the Council has approved the annual budget.
- (2) The Municipal Manager must submit to the National Treasury and the relevant provincial treasury, in both printed and electronic form-
 - (a) the supporting documentation within ten working days after the Council has approved the annual budget;
 - (b) the approved service delivery and budget implementation plan within ten working days after the Mayor has approved the plan; and
 - (c) any other information as may be required by the National Treasury.
- (3) The Municipal Manager must send copies of the approved annual budget and supporting documentation, in both printed and electronic form to:
 - (a) any other Municipality affected by the annual budget within ten working days after the Council has approved the annual budget; and
 - (b) any other organ of state on receipt of a request from that organ of state.

- (3) The adjustments budget and supporting documentation of the Municipality must be in the format specified in Schedule B to the Regulations and include all the required tables, charts and explanatory information, taking into account any guidelines issued by the Minister in terms of section 168(1) of the MFMA. In this regard reference should also be made to the MFMA Budget Formats Guide published on the National Treasury's website.
- (4) Only the Mayor may table an adjustments budget in the Council, but an adjustments budget in terms of paragraph (2)(b) to (2)(g) above may only be tabled within any prescribed limitations as to timing or frequency.
- (5) When an adjustments budget is tabled, it must be accompanied by:
- (a) an explanation how the adjustments budget affects the annual budget;
 - (b) a motivation of any material changes to the annual budget;
 - (c) an explanation of the impact of any increased spending on the annual budget and the annual budgets for the next two financial years; and
 - (d) any other supporting documentation that may be prescribed.
- (6) Municipal tax and tariffs may not be increased during a financial year.
- (7) Sections 22(b), 23(3) and 24(3) of the MFMA apply *mutatis mutandis* in respect of an adjustments budget, and in such application a reference in those sections to an annual budget must be read as a reference to an adjustments budget.

27. FUNDING OF ADJUSTMENTS BUDGET (REGULATION 22)



- (3) If a national or provincial adjustments budget allocates or transfers additional revenues to the Municipality, the Mayor must, at the next available meeting of the Council, but within 60 days of the approval of the relevant national or provincial adjustments budget, table such an adjustments budget in the Council to appropriate these additional revenues.
- (4) An adjustments budget which authorises unforeseeable and unavoidable expenditure must be tabled in the Council at the first available opportunity after the unforeseeable and unavoidable expenditure contemplated was incurred and within 60 days after the expenditure was incurred.
- (5) An adjustments budget dealing with unspent funds as referred to in section 28(2)(e) of the MFMA may only be tabled after the end of the financial year to which the roll-overs relate, and must be approved by the Council by 25 August of the financial year following the financial year to which the roll-overs relate.
- (6) An adjustments budget dealing with any other expenditure within a prescribed framework may only authorise unauthorised expenditure as anticipated by section 32(2)(a)(i) of the MFMA, and must be:
- (a) dealt with as part of the adjustments budget contemplated in paragraph (1) above; and
 - (b) a special adjustments budget tabled in the Council when the Mayor tables the annual report in terms of section 127(2) of the MFMA, which may only deal with unauthorised expenditure from the previous financial year which the Council is being requested to authorise in terms of section 32(2)(a)(i) of the MFMA.



- (a) any other Municipality affected by that adjustments budget within ten working days of the adjustments budget being tabled in the Council; and
- (b) any other organ of state on receipt of a request from that organ of state.

~~30. APPROVAL OF ADJUSTMENTS BUDGET (REGULATION 25)~~

- (1) The Council must consider the full implications, financial or otherwise, of the adjustments budget and supporting documentation comprising of all the required tables, charts and explanatory information, taking into account any guidelines issued by the Minister in terms of section 168(1) of the MFMA before approving the adjustments budget.
- (2) The Council may approve an adjustments budget dealing with authorised unforeseeable and unavoidable expenditure only if the expenditure was recommended by the Mayor in accordance with the framework prescribed in chapter 5 of the Regulations.
- (3) When approving an adjustments budget, the Council must consider and adopt separate resolutions dealing with each of the following matters:
 - (a) approval of the annual budget of the Municipality, and specifically appropriating the amounts for the different votes, and for single-year and multi-year capital expenditures;
 - (b) noting the consolidated annual budget in instances where the Municipality has municipal entities;
 - (c) approval of all rates, taxes and tariffs for services provided by the Municipality;



appropriate to facilitate public awareness of the adjustments budget, including:

- (a) summaries of the adjustments budget and supporting documentation in alternate languages predominant in the community;
- (b) information relevant to each ward in the Municipality, if that ward is affected by the adjustments budget; and
- (c) any consequential amendment of the service delivery and budget implementation plan that is necessitated by the adjustments budget.

32. SUBMISSION OF APPROVED ADJUSTMENTS BUDGET AND OTHER DOCUMENTS (REGULATION 27)

- (1) The Municipal Manager must comply with the procedural steps set out in section 28(7) of the MFMA and submit the approved adjustments budget to the National Treasury and the relevant provincial treasury within ten working days after the Council has approved an adjustments budget.
- (2) When submitting an adjustments budget to the National Treasury and the relevant provincial treasury, the Municipal Manager must also submit to the National Treasury and the relevant provincial treasury, in both printed and electronic form:
 - (a) the supporting documentation within ten working days after the Council has approved the adjustments budget;
 - (b) the amended service delivery and budget implementation plan, within ten working days after the Council has approved the amended plan; and
 - (c) any other information as may be required by the National Treasury.


CHAPTER 5

UNFORSEEN AND UNAVOIDABLE EXPENDITURE

33. UNFORSEEN AND UNAVOIDABLE EXPENDITURE (SECTION 29)

- (1) The Mayor may in an emergency or other exceptional circumstances authorise unforeseeable and unavoidable expenditure for which no provision was made in an approved budget.
- (2) Any such expenditure:
 - (a) must be in accordance with any framework that may be prescribed;
 - (b) may not exceed a prescribed percentage of the approved annual budget;
 - (c) must be reported by the Mayor to the Council at its next meeting; and
 - (d) must be appropriated in an adjustments budget.
- (3) If such adjustments budget is not passed within 60 days after the expenditure was incurred, the expenditure is unauthorised and section 32 of the MFMA applies.

34. AUTHORISATION OF UNFORESEEN AND UNAVOIDABLE EXPENDITURE (REGULATION 71)

- (1) The Mayor may authorise unforeseen and unavoidable expenditure only if:
 - (a) the expenditure could not have been foreseen at the time the annual budget of the Municipality was passed; and
 - (b) the delay that will be caused pending approval of an adjustments budget by the Council to authorise such expenditure may:
- 

- (i) result in significant financial loss for the Municipality;
 - (ii) cause a disruption or suspension, or a serious threat to the continuation, of a basic municipal service;
 - (iii) lead to loss of life or serious injury or significant damage to property; or
 - (iv) obstruct the Municipality from instituting or defending legal proceedings on an urgent basis.
- (2) The Mayor of the Municipality may not authorise unforeseen and unavoidable expenditure if such expenditure:
- (a) was considered by the Council, but not approved in the annual budget or an adjustments budget;
 - (b) is required for:
 - (i) price increases of goods or services during the financial year;
 - (ii) new municipal services or functions during the financial year;
 - (iii) the extension of existing municipal services or functions during the financial year;
 - (iv) the appointment of personnel during the financial year; or
 - (v) allocating discretionary appropriations to any vote during the financial year; or
 - (c) would contravene any existing policy of the Council; or
 - (d) is intended to ratify irregular or fruitless and wasteful expenditure.

35. MONETARY LIMITS ON UNFORESEEN AND UNAVOIDABLE EXPENDITURE (REGULATION 72)

The amount of expenditure that the Mayor may authorise unforeseen and unavoidable is limited to:

- (a) 5% of the Municipality's own revenue in the case of a Municipality with approved total revenue in its current annual budget not exceeding R250 million;
- (b) the greater of R5 million or 4% of the Municipality's own revenue in the case of a Municipality with approved total revenue in its current annual budget greater than R250 million but not exceeding R500 million; and
- (c) R15 million in the case of a Municipality with approved total revenue in its current annual budget greater than R500 million.



- (e) the documents referred to in paragraphs (c) and (d) above are submitted to the relevant provincial treasury and the Auditor-General.

**38. UNAUTHORISED, IRREGULAR OR FRUITLESS AND WASTEFUL
EXPENDITURE (~~SECTION 32 AND REGULATION 74~~)**

- (1) Without limiting liability in terms of the common law or other legislation:
- (a) a political office-bearer of a Municipality is liable for unauthorised expenditure if that office-bearer knowingly or after having been advised by the Municipal Manager that the expenditure is likely to result in unauthorised expenditure, instructed an official of the Municipality to incur the expenditure;
 - (b) the Municipal Manager is liable for unauthorised expenditure deliberately or negligently incurred by the Municipal Manager, subject to paragraph (3) below;
 - (c) any political office-bearer or official of a Municipality who deliberately or negligently committed, made or authorised an irregular expenditure, is liable for that expenditure; or
 - (d) any political office-bearer or official of a Municipality who deliberately or negligently made or authorised a fruitless and wasteful expenditure is liable for that expenditure.
- (2) The Municipality must recover unauthorised, irregular or fruitless and wasteful expenditure from the person liable for that expenditure unless the expenditure:
- (a) in the case of unauthorised expenditure, is:
 - (i) authorised in an adjustments budget; or
 - (ii) certified by the Council, after investigation by a council committee, as irrecoverable and written off by the Council; and
 - (iii) in the case of irregular or fruitless and wasteful expenditure, is, after investigation by a Council

Net

- (1) The Municipality may enter into a contract which will impose financial obligations on the Municipality beyond a financial year, but if the contract will impose financial obligations on the Municipality beyond the three years covered in the annual budget for that financial year, it may do so only if:
- (a) the Municipal Manager, at least 60 days before the meeting of the Council at which the contract is to be approved:
 - (i) has in accordance with section 21A of the Systems Act:
 - (aa) made public the draft contract and an information statement summarising the Municipality's obligations in terms of the proposed contract; and
 - (bb) invited the local community and other interested persons to submit to the Municipality comments or representations in respect of the proposed contract; and
 - (ii) has solicited the views and recommendations of:
 - (aa) the National Treasury and the relevant provincial treasury;
 - (bb) the national department responsible for local government; and
 - (cc) if the contract involves the provision of water, sanitation, electricity, or any other service as may be prescribed, the responsible national department;
 - (b) the Council has taken into account:
 - (i) the Municipality's projected financial obligations in terms of the proposed contract for each financial year covered by the contract;

- (ii) the impact of those financial obligations on the Municipality's future municipal tariffs and revenue;
 - (iii) any comments or representations on the proposed contract received from the local community and other interested persons; and
 - (iv) any written views and recommendations on the proposed contract by the National Treasury, the relevant provincial treasury, the national department responsible for local government and any national department referred to in paragraph (a)(ii)(cc) above; and
 - (c) the Council has adopted a resolution in which:
 - (i) it determines that the Municipality will secure a significant capital investment or will derive a significant financial economic or financial benefit from the contract;
 - (ii) it approves the entire contract exactly as it is to be executed; and
 - (iii) it authorises the Municipal Manager to sign the contract on behalf of the Municipality.
- (2) The process set out in paragraph (1) does not apply to:
- (a) contracts for long-term debt regulated in terms of section 46(3) of the MFMA;
 - (b) employment contracts; or
 - (c) contracts:
 - (i) for categories of goods as may be prescribed; or
 - (ii) in terms of which the financial obligation on the Municipality is below-
 - (aa) a prescribed value; or

CHAPTER 7

IN-YEAR REPORTS OF MUNICIPALITIES

41. FORMAT OF MONTHLY BUDGET STATEMENTS (SECTION 71 AND REGULATION 28)

The monthly budget statement of a Municipality must be in the format specified in Schedule C to the Regulations and include all the required tables, charts and explanatory information, taking into account any guidelines issued by the Minister in terms of section 168(1) of the MFMA.

**42. TABLING OF MONTHLY BUDGET STATEMENTS (SECTION 52
AND REGULATION 29)**

The Mayor may table in the Council a monthly budget statement submitted to the Mayor. If the Mayor does so, the

monthly budget statement must be accompanied by an Mayor's report in a format set out in Schedule C to the Regulations.

43. PUBLICATION OF MONTHLY BUDGET STATEMENTS (SECTION 75 AND REGULATION 30)

- (1) The monthly budget statement of a Municipality must be placed on the Municipality's website not later than five days after its tabling in the Council or on the date on which it must be made public, whichever occurs first.
- (2) The Municipal Manager must publish on the Municipality's website any other information that the Council considers appropriate to facilitate public awareness of the monthly budget statement, including:
 - (a) summaries of monthly budget statements in alternate languages predominant in the community; and

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- (b) information relevant to each ward in the Municipality.

44. QUARTERLY REPORTS ON IMPLEMENTATION OF BUDGET (REGULATION 31)

The Mayor's quarterly report on the implementation of the budget and the financial state of affairs of the Municipality must be:

- (a) in the format specified in Schedule C to the Regulations and include all the required tables, charts and explanatory information, taking into account any guidelines issued by the Minister in terms of section 168(1) of the MFMA; and
- (b) consistent with the monthly budget statements for September, December, March and June as applicable; and
- (c) submitted to the National Treasury and the relevant provincial treasury within five days of tabling of the report in the Council.

45. PUBLICATION OF QUARTERLY REPORTS ON IMPLEMENTATION OF BUDGET (REGULATION 32)

When publishing the quarterly reports on the implementation of the budget, the Municipal Manager must make public any other information that the Council considers appropriate to facilitate public awareness of the quarterly report on the implementation of the budget and the financial state of affairs of the Municipality, including:

- (a) summaries of quarterly report in alternate languages predominant in the community; and
- (b) information relevant to each ward in the Municipality.

46. FORMAT OF A MID-YEAR BUDGET AND PERFORMANCE ASSESSMENT (REGULATION 33)

The mid-year budget and performance assessment of the Municipality must be in the format specified in Schedule C to the Regulations and include all the



required tables, charts and explanatory information, taking into account any guidelines issued by the Minister in terms of section 168(1) of the MFMA. In this regard reference must be made to the contents of the MFMA Budget Formats Guide published on the National Treasury's website.

47. PUBLICATION OF MID-YEAR BUDGET AND PERFORMANCE ASSESSMENTS (REGULATION 34)

- (1) Within five working days of 25 January each year the Municipal Manager must make the mid-year budget and performance assessment public by placing it on the municipal website.
- (2) The Municipal Manager must make public any other information that the Council considers appropriate to facilitate public awareness of the mid-year budget and performance assessment, including:
 - (a) summaries in alternate languages predominant in the community; and
 - (b) information relevant to each ward in the Municipality.

48. SUBMISSION OF MID-YEAR BUDGET AND PERFORMANCE ASSESSMENTS (REGULATION 35)

The Municipal Manager must submit to the National Treasury and the relevant provincial treasury, in both printed and electronic form:

- (a) the mid-year budget and performance assessment by 25 January of each year; and
- (b) any other information relating to the mid-year budget and performance assessment as may be required by the National Treasury.



CHAPTER 8

NON-COMPLIANCE

~~49. FAILURE TO APPROVE BUDGET (SECTION 25)~~

- (1) If the Council fails to approve an annual budget, including revenue-raising measures necessary to give effect to the budget, the Council must reconsider the budget and again vote on the budget, or on an amended version thereof, within seven days of the Council meeting that failed to approve the budget.
- (2) The process provided for in paragraph (1) above must be repeated until a budget, including revenue-raising measures necessary to give effect to the budget, is approved.
- (3) If the Municipality has not approved an annual budget, including revenue-raising measures necessary to give effect to the budget, by the first day of the budget year, the Mayor:
 - (a) must immediately report the matter to the MEC for local government in the province; and
 - (b) may recommend to the MEC an appropriate provincial intervention in terms of section 139 of the Constitution.

50. CONSEQUENCES OF FAILURE TO APPROVE BUDGET (SECTION 26)

- (1) If by the start of the budget year the Council has not approved an annual budget or any revenue-raising measures necessary to give effect to the budget, the provincial executive of the relevant province must intervene in the Municipality in terms of section 139(4) of the Constitution by taking any appropriate steps to ensure that the budget

- (i) during any month, exceed eight per cent of the total amount appropriated in that approved budget for current expenditure, which percentage must be scaled down proportionately if revenue flows are not at least at the same level as the previous financial year; and
 - (ii) exceed the amount actually available.
- (6) The funds provided for in paragraph (4) above are not additional to funds appropriated for the budget year, and any funds withdrawn in terms of paragraph (5) above must be regarded as forming part of the funds appropriated in a subsequently approved annual budget for the budget year.

51. NON-COMPLIANCE WITH THE MFMA RELATING TO BUDGETARY PROCEDURE (SECTION 27)

- (1) The Mayor must, upon becoming aware of any impending non-compliance by the Municipality of any provisions of the MFMA or any other legislation pertaining to the tabling or approval of an annual budget or compulsory consultation processes, inform the MEC for finance in the province, in writing, of such impending non-compliance.
- (2) If the impending non-compliance pertains to a time provision, except time provisions pertaining to the approval of an annual budget for the Municipality before the start of that financial year as contained in section 16(1) of the MFMA, the MEC for finance may, on application by the Mayor and on good cause shown, extend any time limit or deadline contained in that provision, provided that no such extension may compromise compliance with section 16(1) of the MFMA pertaining to the approval of an annual budget for the Municipality for each financial year before the start of that financial year. An MEC for finance must:

- (i) the specific time provision in respect of which an extension of a time limit or deadline is being applied for;
 - (ii) the reason why the Municipality will not comply with the relevant time provision;
 - (iii) the impact, if any, of the non-compliance on the Council's ability to meet the deadline for approving the annual budget of a Municipality for each financial year before the start of that financial year, and any steps to ensure this deadline is met;
 - (iv) any implications on the finances, performance, governance and accountability arrangements in the Municipality that will be affected by the delay in meeting the time limit or deadline and the measure taken to address such implications;
 - (v) the steps the Municipality will take to ensure compliance with the relevant time provision in future; and
 - (vi) a list of non-compliances with time provisions by the Municipality in the previous three financial years.
- (2) The Mayor must table a copy of any application referred to in paragraph (1) above at the first meeting of the Council following the submission of the application.

53. FRAMEWORK FOR CONSIDERATION OF APPLICATIONS
(REGULATION 61)

- (1) The MEC for finance in a province must promptly consider an application for the extension of time limits as referred to in the preceding paragraph, taking into account all relevant factors, including-
- (a) the time provision in respect of which an extension of a time limit or deadline is being sought;

- Municipality that will negatively impact on the operations of the Municipality; or
- (d) if non-compliance with the time provision has already occurred on the date the application is received by the office of the MEC of finance.
- (5) Within 10 working days of receiving an application for an extension of time, the MEC for finance must, in writing, notify the Mayor of the decision on the application, either:
- (a) approving the application, confirming the new date for compliance proposed in the application;
 - (b) approving the application, but indicating an earlier date for compliance to that proposed in the application, giving reasons for specifying an earlier date; or
 - (c) refuse the application, giving reasons for the decision.
- (6) The Mayor must table the response of the MEC for finance to any application for an extension of time at the first meeting of the Council following the receipt of the response.
- (7) The MEC for finance must exercise the power to extend any time limit or deadline within a prescribed framework in accordance with the required framework, as sets out above.

54. POSSIBLE NON-COMPLIANCE WITH SECTION 16(1) OF THE
MFMA (REGULATION 62)

If the Municipality's ability to comply with the deadline to approve a budget for each financial year before the start of that financial year will be compromised by any application for an extension in terms of regulation 60 of the Regulations, the MEC for finance must notify the MEC for local government in

- (vii) the steps the Municipality will take to ensure compliance with the relevant time provision in future; and
 - (viii) a list of non-compliances with time provisions by the Municipality in the previous three financial years.
- (2) The Mayor must table a copy of any notification referred to in paragraph (1) above at the first meeting of the Council following the submission of the notification.

**56. FRAMEWORK FOR CONSIDERATION OF NOTIFICATIONS OF
NON-COMPLIANCE WITH TIME PROVISIONS AFFECTING
ANNUAL BUDGETS AND ADJUSTMENTS BUDGETS
(REGULATION 64)**

- (1) The MEC for finance in a province must promptly consider notifications by the Mayor pertaining to actual non-compliance with a time provisions with a view to take appropriate remedial steps, including an intervention in terms of section 136 of the MFMA.
- (2) When considering such notifications the MEC must take into account all relevant factors, including:
- (a) the time provision in respect of which the non-compliance occurred;
 - (b) the extent of the actual non-compliance;
 - (c) the acceptability of the date by which the Municipality will remedy its non-compliance, if this is legally possible in terms of the MFMA;
 - (d) whether the non-compliance has compromised or will compromise the Council's ability to meet the deadline for approving an annual budget of a Municipality for each financial year before the start of that financial year;



Municipality that will be affected by the delay in meeting the time limit or deadline and the measure taken to address such implications;

- (v) the steps the Municipality will take to ensure compliance with the relevant time provision in future; and
- (vi) a list of non-compliance with time provisions by the Municipality and its office-bearers in the previous three financial years.

- (3) The Mayor must table a copy of any notification referred to in paragraph (1) above at the first meeting of the Council following the receipt of the notification.

58. FRAMEWORK FOR CONSIDERATION OF NOTIFICATIONS OF NON-COMPLIANCE WITH TIME PROVISIONS CONCERNING IN-YEAR REPORTS (REGULATION 66)

- (1) The MEC for finance in a province must promptly consider notifications by the Municipal Manager of his failure to comply with a time provision pertaining to any in-year report with a view to take any appropriate steps.
- (2) When considering such notifications, the MEC must take into account all relevant factors, including:
 - (a) the time provision in respect of which the non-compliance occurred;
 - (b) the extent of the non-compliance;
 - (c) the acceptability of the date by which the Municipality will remedy the non-compliance; and
 - (d) the steps the Municipality proposes to take to ensure compliance with the relevant time provision in future.

CHAPTER 9

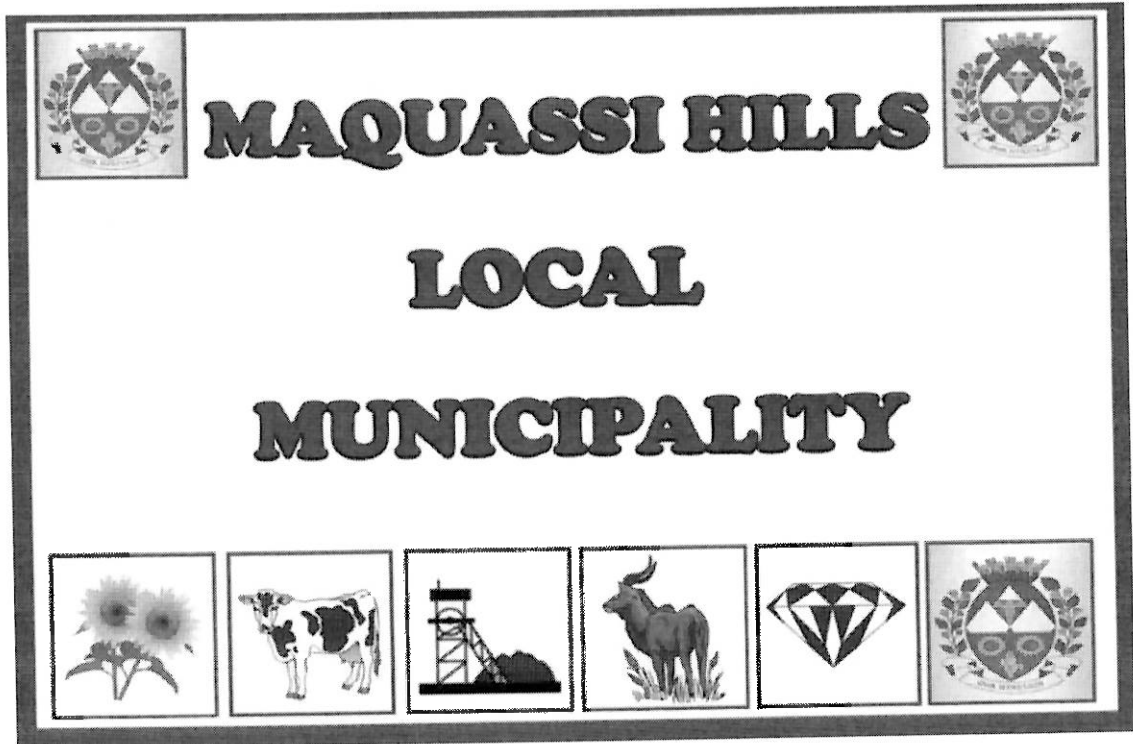
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~~59. IMPLEMENTATION AND REVIEW OF THIS POLICY~~

- (1) This policy shall be implemented once approved by the Council as part of the budgetary policies of the Municipality, as referred to in the provisions of regulation 7 of the Regulations, and section 17(3)(e), section 21(1)(b)(ii)(bb), section 22(a)(i) and section 24(2)(c)(v) of the MFMA.
- (2) In terms of the provisions of section 17(3)(e) of the MFMA this policy must be reviewed on annual basis and the reviewed policy tabled to the Council for approval as part of the budget process.



COST CONTAINMENT POLICY



COST CONTAINMENT POLICY

Approved Date: 30 JUNE 2020

Resolution Number: 11/2020

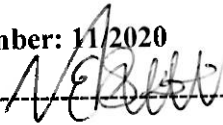
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Table of Contents	Page
1. DEFINITIONS	3
2. PURPOSE.....	4
3. OBJECTIVES OF THE POLICY	4
4. APPLICATION OF THE POLICY.....	4
5. LEGISLATIVE FRAMEWORK	4
6. POLICY PRINCIPLES	5
7. USE OF CONSULTANTS.....	6
8. VEHICLES USED FOR POLITICAL OFFICE-BEARERS	7
9. TRAVEL & SUBSISTENCE.....	8
10. DOMESTIC ACCOMMODATION.....	9
11. CREDIT CARDS/ TRAVEL CARDS.....	11
12. SPONSORSHIPS, EVENTS & CATERING	12
13. COMMUNICATION.....	13
14. CONFERENCES, MEETINGS & STUDY TOURS	13
15. OTHER RELATED EXPENDITURE ITEMS.....	14
16. ENFORCEMENT PROCEDURES.....	15
17. DISCLOSURES OF COST CONTAINMENT MEASURES.....	15
18. IMPLEMENTATION & REVIEW PROCESS.....	15
19. EFFECTIVE DATE.....	16

1. DEFINITIONS

"Act" means the Local Government Municipal Finance Management At, 2003 (Act No 56 of 2003)

"Business Model" means a department's core activities as derived from the Integrated Development Plan (IDP) supporting the viability of MHLM, including its purpose, its goals, and its on-going plans (SDBIP) for achieving them. At its simplest, a business model is a specification describing how the municipality fulfils its purpose.

"Consultant" means a professional person, individual partnership, corporation, or a company appointed to provide technical and specialist advice or to assist with a design and implementation of projects or to assist the municipality to achieve its objectives of local government in terms of section 152 of the Constitution.

"Cost containment" are the measures implemented to curtail spending in terms of this policy.

"Credit card" means a card issued by a financial services provider, which creates a revolving account and grants a line of credit to the cardholder.

"Municipality" means Maquassi Hills Local Municipality (MHLM).

"Social Element" includes, but not limited to:

- a) Food and refreshments.
- b) No benefit to the core functions of the municipality.
- c) Any event that does not contribute to the service delivery, organizational development, or Local Economic Development (LED).

"Travel and Subsistence Formula" means in cases when the return trip is less than 500 kilometers' the following applies(also read with 10.3):

- a) The cost of the total kilometers for x amount of days if one should travel for consecutive days attending a training/conference/forum (drive in and out).
- b) The cost of the return journey plus accommodation.

2. PURPOSE

The purpose of the policy is to regulate spending and to implement cost containment measures at Maquassi Hills Local Municipality.

3. OBJECTIVES OF THE POLICY

The objectives of this policy are to:

- 3.1 To ensure that the resources of the municipality are used effectively, efficiently, and economically.
- 3.2 To implement cost containment measures.

4. APPLICATION OF THE POLICY

This policy will apply to:

- 4.1 Municipal Councilors.
- 4.2 Municipal Employees.

5. LEGISLATIVE FRAMEWORK

This policy must be read in conjunction with the -

- 5.1 Municipal Systems Act, 32 of 2000.
- 5.2 The Municipal Finance Management Act, sections 62(1)(a), 78(1)(b), 95(a) and 105(1)(b) (read in conjunction with the Municipal Finance Management regulations)
- 5.3 Basic Conditions of Employment Act, 2002.
- 5.4 Labour Relations Act, 1995.
- 5.5 Remuneration of Public Office Bearers Act, 1998.
- 5.6 Occupational Health and Safety's Act, Act 85 of 1993.
- 5.7 SALGBC Main Collective Agreement.
- 5.8 Disciplinary Procedure Collective Agreement.
- 5.9 Municipal Financial Misconduct Regulations, Procedures and Criminal Proceedings, 2014.
- 5.10 Municipal Cost Containment Regulations, 2019.
- 5.11 Disciplinary Regulations for senior managers, 2010.
- 5.12 National Treasury Circular 82, published on 7 December 2016.

The following policies are subject to amendments from time to time:

- 5.13 Maquassi Hills Local Municipality's Travelling and Subsistence Policy, approved 7 JUNE 2018
- 5.14 Maquassi Hills Local Municipality's Supply Chain Management Policy approved 28 MAY 2019.
- 5.15 Maquassi Hills Local Municipality's Use of Consultancy Policy, approved 26 SEPTEMBER 2017.
- 5.16 Maquassi Hills Local Municipality's Overtime Policy, approved 28 OCTOBER 2014
- 5.17 Maquassi Hills Local Municipality's Leave Policy, approved 6 OCTOBER 2011
- 5.18 Maquassi Hills Local Municipality's Cellphone Allowance Policy, approved 29 JULY 2014
- 5.19 Maquassi Hills Local Municipality's Transport Allowance for Councillors policy, approved 7 JUNE 2018
- 5.20 Maquassi Hills Local Municipality's Asset Management Policy approved 31 MAY 2016
- 5.21 Significant procedures that must be developed into a policy:
 - 5.21.1 Maquassi Hills Local Municipality's Fleet Management Procedure.

6. POLICY PRINCIPLES

- 6.1 This policy will apply to the procurement of the following goods and/or services, but not limited to:
 - 6.1.1 Use of consultants
 - 6.1.2 Vehicles used for political office-bearers
 - 6.1.3 Travel and subsistence
 - 6.1.4 Domestic accommodation
 - 6.1.5 Credit cards/ Travel Cards
 - 6.1.6 Sponsorships, events, and catering
 - 6.1.7 Communication
 - 6.1.8 Conferences, meetings, and study tours
 - 6.1.9 Any other related expenditure items

7. USE OF CONSULTANTS

- 7.1 A consultant may only be appointed if an assessment of the needs and requirements confirms that the end-user does not have the requisite skills, resources, or as required by any other relevant legislation, or when it compromises professional ethics in its full -time employ to perform the function.
- 7.1.1 In terms of procurement, the user departments should first confirm if there are transversal contracts/tenders available. Refer to National Treasury's website for the contact list regarding transversal tenders.
- 7.2 The Accounting Officer must adopt a fair and reasonable remuneration framework for consultants considering the rates -
- 7.2.1 Determined in the "Guideline on fees for audits undertaken on behalf of the Auditor - General of South Africa", Issued by the South African Institute of Chartered Accountants (SAICA). Refer to website of the South African Institute of Chartered Accountants (SAICA) for the fees guideline.
- 7.2.2 Set out in the "Guide on Hourly Fee Rates for Consultants", issued by the Department of Public Service and Administration (DPSA); or as prescribed by the body regulating the profession of the consultant. Refer to the website of the Department of Public Service and Administration (DPSA) for the required rates.
- 7.2.3 Set out in the latest published Guideline for Services and processes for estimating of fees for Persons registered in terms of the Engineering Profession Act, 2000 (Act no 46 of 2000), with specific rates as per Government Gazette Board Notice 138 of 2015, dated 4 December 2015.
- 7.2.4 Sufficient research should be done by each user department not to inflate or exceed costs for those consultants who do not have a regulatory body that prescribed rates.
- 7.3 The tender documentation for the appointment of consultants must include a clause that the remuneration rates will be subject to negotiation, not exceeding the applicable rates mentioned in paragraph 7.2
- 7.4 When negotiating cost-effective consultancy rates for international consultants, the Accounting Officer may consider the relevant international and market-determined rates.

- 7.5 When consultants are appointed, an Accounting Officer must -
- 7.5.1 Appoint consultants on a time and cost basis with specific start and end dates.
 - 7.5.2 Where practical, appoint consultants on an output- specified basis, subject to specific measurable objectives and associated remuneration.
 - 7.5.3 Ensure that contracts with consultants include overall cost ceilings by specifying whether the contract price is inclusive or exclusive of travel and subsistence disbursements.
 - 7.5.4 Ensure the transfer of skills by consultants to the relevant officials.
 - 7.5.5 Undertake all engagements of consultants in accordance with the Municipal Supply Chain Management Regulations, 2005, the Maquassi Hills Local Municipality's supply chain management policy, and Use of Consultants Policy; and
 - 7.5.6 Develop consultancy reduction plans to reduce the reliance on consultants.
- 7.6 All contracts with consultants must include a fee retention or penalty clause for poor performance.
- 7.7 A municipality or municipal entity must ensure that the specifications and performance are used as a monitoring tool for the work to be undertaken and are appropriately recorded and monitored.
- 7.8 The travel and subsistence costs of consultants must be in accordance with the national travel policy issued by the National Department of Transport, as updated from time to time.

8. VEHICLES USED FOR POLITICAL OFFICE - BEARERS

- 8.1 The threshold limit for vehicle purchases relating to official use by political office-bearers may not exceed seven hundred thousand rand (R700 000) or 70% of the total annual remuneration package for the different grades, whichever is greater.
- 8.2 The procurement of vehicles must be undertaken using the national government transversal mechanism.
- 8.3 If any other procurement process is used, the cost may not exceed the threshold set out in 8.1.
- 8.4 Before deciding on another procurement process as in 8.2, the Accounting Officer must provide the council with information relating to the following criteria that must be considered:
- 8.4.1 Status of current vehicles

- 8.4.2 Affordability of procurement options
 - 8.4.3 Extent of service delivery backlogs
 - 8.4.4 Terrain for effective usage of vehicle
 - 8.4.5 Any other policy of council
- 8.5 Regardless of their usage, vehicles for official use by public office bearers may only be replaced after completion of 120 000 kilometers.
- 8.6 Notwithstanding 8.5, a municipality may replace vehicles for official use by public office bearers before the completion of 120 000 kilometers only in instances where the vehicle experiences serious mechanical problems and is in a poor condition, and subject to obtaining a detailed mechanical report by the vehicle manufacturer or approved dealer.
- 8.7 The Accounting Officer must ensure that there is a policy that addresses the use of municipal vehicles for official purposes.

9. TRAVEL & SUBSISTENCE

- 9.1 The Accounting Officer -
- 9.1.1 may approve the purchase of economy class tickets for all officials or political office bearers where the flying time for the flights is five hours or less; and
 - 9.1.2 may only approve the purchase of business class tickets for officials, political office bearers and persons reporting directly to the Accounting Officer for flights exceeding five hours.
- 9.2 Notwithstanding sub-regulation (9.1.1) or (9.1.2), an Accounting Officer, or the mayor in the case of an Accounting Officer, may approve the purchase of business class tickets for an official or a political office bearer with a disability or a medically certified condition.
- 9.3 International travel to meetings or events will only be approved if it is considered critical to attend the meeting or event, and only the officials that are directly involved with the subject matter will be allowed to attend the meeting or event.
- 9.4 The Accounting Officer, or the Mayor in the case of the Accounting Officer, may approve accommodation costs that exceed an amount as determined from time to time by the National Treasury through a notice only -

- 9.4.1 during peak holiday periods; or
- 9.4.2 when major local or international events are hosted in a geographical area that results in an abnormal increase in the number of local and/ or international guests in that geographical area.
- 9.5 The official or a political office bearer must -
 - 9.5.1 utilize the municipal fleet, where viable, before incurring costs to hire vehicles.
 - 9.5.2 make use of available public transport or a shuttle service if the cost of such a service is lower than -
 - (a) the cost of hiring a vehicle.
 - (b) the cost of kilometers claimable by the official or political office bearer; and
 - (c) the cost of parking.
 - 9.5.3 not hire vehicles from a category higher than Group B or an equivalent class; and
 - 9.5.4 where a different class of vehicle is required for a terrain or to cater for the special needs of an official, seek the written approval of the Accounting Officer before hiring the vehicle.
- 9.6 The negotiated rates for flights and accommodation as communicated from time to time by the National Treasury through a notice or any other available cheaper flight and accommodation must be utilized.

10. DOMESTIC ACCOMMODATION

- 10.1 An Accounting Officer must ensure that costs incurred for domestic accommodation and meals are in accordance with the maximum allowable rates for domestic accommodation and meals, as communicated by National Treasury, from time to time, and the travel and subsistence policy of the municipality.
- 10.2 The Accounting Officer or Delegated Official may limit overnight Accommodation for Travelers to instances where the distance travelled by road (by the Traveler) exceeds 500 kilometers to and from the destination (return journey).
- 10.3 In cases when the return trip is less than 500 kilometers, the following applies:

10.3.1 The travelling and domestic accommodation costs must be determined using the "Travel and Subsistence Formula":

"Travel and Subsistence Formula" means

- a) The cost of the total kilometers for x amount of days if one should travel for consecutive days attending a training/conference/forum (driving in and out each day).
- b) The cost of the return journey plus accommodation. Consider the most cost-effective option between a) and b) of the

"Travel and Subsistence Formula" and motivate to the Accounting Officer, by applying the standard operating procedure and completing the Ad-hoc or Unique Request Form".

However, if b) is still favoured by the user department, irrespective of the cost, then the user department is required to follow the motivation procedure to the Accounting Officer in terms of the cost containment operating procedure SOP.

10.4 Subsistence Cost

10.4.1. Overnight Stays

When travelling to a destination outside the boundaries of the Maquassi Hills Local Municipality in circumstances requiring absence from the office for longer than 24 hours and exceeds a distance of 500kms (except otherwise approved by Accounting Officer), the following may be claimed (the time of departure from workplace up until the time of arrival back at workplace shall be used for purposes of calculating the length of absence):

10.4.1.1. Accommodation

- a) Actual expenditure related to stay in accommodation for both domestic and overseas travel, but restricted to:

The relevant accommodation tariff not exceeding the amount of R1250 per night (as per National Treasury Benchmark).

If the cost per night amounts to an amount between R1 250 and R2100 per night, it must be approved by the Accounting Officer (as per National Treasury Benchmark).

10.4.1.2. Meal expenses (as per National Treasury Benchmark).

The following maximum meal allowances will be paid for meals:

If not supplied at the seminar / workshop / congress or event.

10.4.1.2.1 Breakfast: R120 or the tariff in which accommodated; (If departure from workplace is before 06:00)

10.4.1.2.2 Lunch: R150 or the tariff in which accommodated; (If return to workplace is after 14:00); and

10.4.1.2.3 Dinner: R150 or the tariff in which accommodated; (If return to workplace is after 18:00).

10.4.1.3 Maximum meal allowances payable on the day of departure:

10.4.1.3.1 Breakfast: R120 or the tariff in which accommodated (If departure from workplace is before 06:00).

10.4.1.3.2 Lunch: R150 or the tariff in which accommodated (If departure from workplace is before 10:00); and

10.4.1.3.3 Dinner: R150 or the tariff in which accommodated.

11 CREDIT CARDS/ TRAVEL CARDS

11.1 An Accounting Officer must ensure that no credit card or debit card linked to a bank account of the municipality is issued to any official or public office- bearer.

11.2 Where officials or public office bearers incur expenditure in relation to official municipal activities, such officials and public office bearers must use their personal credit cards or cash and will request reimbursement from the municipality in terms of the travel and subsistence policy.

11.3 Travel cards utilized by municipal officials can only be authorized by the Accounting Officer. Refer to the procedure for travel arrangements in the Maquassi Hills Local Municipality's Travel and Subsistence policy.

12 SPONSORSHIPS, EVENTS & CATERING

12.1 The municipality may not incur catering expenses for meetings that are only attended by persons in the employ of the municipality, unless otherwise approved by the Accounting Officer.

12.2 Catering expenses may be incurred by the Accounting Officer for the following, if they exceed five (5) hours:

12.2.1 Hosting of meetings.

12.2.2 Conferences.

12.2.3 Workshops.

12.2.4 Courses.

12.2.5 Forums.

12.2.6 Recruitment interviews.

12.2.7 Council proceedings (whole council, including caucus); and

12.2.8 Training sessions.

12.3 Entertainment allowances of officials may not exceed two thousand rand (R2 000.00) per person per financial year, unless otherwise approved by the Accounting Officer.

- 12.4 Expenses may not be incurred on alcoholic beverages.
- 12.5 Social functions, team building exercises, year-end functions, sporting events, budget speech dinners and other functions that have a social element must not be financed from the municipal budget or by any supplier or sponsor.
- 12.6 Expenditure may not be incurred on corporate branded items like clothing or goods for personal use of officials, other than uniforms, office supplies and tools of trade, unless the costs thereto are recovered from the affected officials or is an integral part of the business model.
- 12.7 Expenditure may be incurred to host farewell functions in recognition of officials who retire after serving the municipality for ten (10) or more years, or retire on grounds of ill health; the expenditure should not exceed the limits of the petty cash usage as per the Supply Chain Management Policy of the municipality.

13 COMMUNICATION

- 13.1 All municipal related events may as far as possible, be advertised on the municipal website, instead of advertising in magazines or newspapers.
- 13.2 Publications such as internal newsletters must be designed internally and be published quarterly in an electronic media format and on the municipal website/intranet.
- 13.3 Newspapers and other related publications for the use of officials must be discontinued on the expiry of existing contracts or supply orders.
- 13.4 The acquisition of mobile communication services may be done by using the transversal term contracts that have been arranged by the National Treasury. Refer to National Treasury's website for the contact list regarding transversal tenders.
- 13.5 Allowances for officials for private calls should be referred to the telephone Standard Operating Procedure.
- 13.6 Provision of diaries be limited to secretaries and electronic diaries be kept by directorates.

14 CONFERENCES, MEETINGS & STUDY TOURS

- 14.1 Appropriate benchmark costs must be considered prior to granting approval for an official to attend a conference or event within and outside the borders of South Africa.
- 14.2 The benchmark costs may not exceed an amount determined by National Treasury.

- 14.3 When considering applications from officials to conferences or events within and outside the borders of South Africa, the Accounting Officer must take the following into account:

14.3.1 The official's role and responsibilities and the anticipated benefits of the conference or event.

- (a) Whether the conference or event will address the relevant concerns of the municipality.
- (b) The appropriate number of officials to attend the conference or event, not exceeding three officials: and
- (c) Availability of funds to meet expenses related to the conference or event.

- 14.4 The amount referred to in 14.2 above excludes costs related to travel, accommodation, and related expenses, but includes:

14.4.1 Conference or event registration expenses; and

14.4.2 Any other expense incurred in relation to the conference or event.

- 14.5 When considering the cost for conferences or events the following items must be excluded, laptops, tablets and other similar tokens that are built into the price of such conferences or events.

- 14.6 Attendance of conferences will be limited to a maximum of three (3) delegates

- 14.7 Meetings and planning sessions that entail the use of municipal funds must, as far as practically possible, be held in-house.

- 14.8 Municipal offices and facilities must be utilized for conferences, meetings, and strategic planning sessions where an appropriate venue exists within the municipal jurisdiction.

- 14.9 The municipality must take advantage of early registration discounts by granting the required approvals to attend the conference, event, or study tour, in advance.

15 OTHER RELATED EXPENDITURE ITEMS


- 15.1 All commodities, services and products covered by a transversal contract concluded by the National Treasury must be considered before approaching the market, to benefit from savings where lower prices or rates have been negotiated.

- 15.2 Municipal resources may not be used to fund elections, campaign activities, including the provision of food, clothing, printing of agendas and brochures and other inducements as part of, or during election periods or to fund any activities of any political party at any time.
- 15.3 Expenditure on tools of trade for political office bearers must be limited to the upper limits as approved and published by the Cabinet member responsible for local government in terms of the Remuneration of Public Office Bearers Act, 1998.
- 15.4 Expenditure on elaborate and expensive office furniture must be avoided.
- 15.5 Only the services of the South African Police Service must be used to conduct periodical or quarterly security threat assessments of political office bearers and key officials and a report must be submitted to the Speaker and Accounting Officer's office, respectively.
- 15.6 Due process must be followed when suspending or dismissing officials to avoid unnecessary litigation costs.
- 15.7 No travel and subsistence will be paid to candidates attending interviews.

16 ENFORCEMENT PROCEDURES

- 16.1 Failure to implement or comply with this policy may result in any official of the municipality or political office bearer that has authorized or incurred any expenditure contrary to those stipulated herein being held liable for financial misconduct as set out in Chapter 15 of the Act, read with the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014.

17 DISCLOSURES OF COST CONTAINMENT MEASURES

- 17.1 Cost containment measures applied by the municipality must be included in the municipal in-year budget report and annual cost savings must be disclosed in the annual report.
 - 17.2 The measures implemented, and aggregate amounts saved per quarter, together with the regular reports on reprioritization of cost savings, on the implementation of the cost containment measures must be submitted to the municipal council for review and resolution. The municipal council can refer such reports to an appropriate council committee for further recommendations and actions.
 - 17.3 Such reports must be copied to the National Treasury and North West Provincial Treasury within seven (7) calendar days after the report is submitted to municipal council.
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18 IMPLEMENTATION & REVIEW PROCESS

- 18.1 This policy will be reviewed at least annually or when required by way of a council resolution, or when an update is issued by National Treasury.



19 EFFECTIVE DATE

- 19.1 The document is called the Maquassi Hills Local Municipality's Cost Containment Policy and was adopted by Council on 30 JUNE 2020.

CREDIT CONTROL BY LAWS

MAQUASSI HILLS LOCAL MUNICIPALITY



CREDIT CONTROL & DEBT COLLECTION BY-LAW

Council Resolution Date: 30 JUNE 2020

Council Resolution No.: 11/2020

Signature: 

THE MAQUASSI HILLS

LOCAL MUNICIPALITY:

CREDIT CONTROL & DEBT COLLECTION

BY-LAW

TABLE OF CONTENTS

ITEM NO.	ITEM	PAGE NO.
1.	DEFINITIONS	5
2.	THE CREDIT CONTROL & DEBT COLLECTION POLICY ADOPTED BY THE MUNICIPALITY	5
3.	OBJECTIVE OF THE BY-LAW	5
4.	TITLE AND APPLICATION OF THE BY-LAW	6
5.	RESPONSIBLE AUTHORITY	6
6.	COMMENCEMENT AND VALIDITY	6
7.	ENFORCEMENT AND COMPLIANCE WITH THIS BY-LAW	6
8.	POWERS OF THE MUNICIPALITY IN TERMS OF THE SYSTEMS ACT OR THIS BY-LAW	6
9.	OBSERVING FUNDAMENTAL RIGHTS	8
10.	NON LIABILITY OF THE MUNICIPALITY	8
11.	CODE OF ETHICS	8
12.	AUTHENTICATION OF DOCUMENTS	9
13.	PRIMA FACIE EVIDENCE	9
14.	PROVISION OF INFORMATION	9
15.	FALSE STATEMENTS OR INFORMATION	9
16.	OFFENCES	10

CONTENTS

1. DEFINITIONS

The words and expressions used in this by-law shall have the respective meanings assigned to them in the Credit Control & Debt Collection Policy of the Municipality, and words or expressions to which a meaning has been assigned in terms of the provisions of section 1 of the Systems Act will have the meaning assigned thereto by the said act. All headings are included for convenience only and shall not be used in the interpretation of any of the provisions of this by-law.

2. THE CREDIT CONTROL & DEBT COLLECTION POLICY ADOPTED BY THE MUNICIPALITY

This Municipality has prepared and adopted a policy, known as the Credit Control & Debt Collection Policy of the Municipality (also referred to as "the policy"), as contemplated in terms of the provisions of section 96(b) of the Systems Act. The policy comprehensively and in detail deals with and regulates the matters as prescribed in the provisions of sections 97 and 98(2) of the Systems Act and therefore it is not necessary for this by-law to restate and repeat same. Therefore and without repeating the contents of the policy, the contents of the policy are hereby incorporated into this by-law by reference and *mutatis mutandis* assigned the status of a by-law in as far as it is required for its implementation, enforcement and to be given effect to, as referred to in terms of the provisions of section 98(1) of the Systems Act.

3. OBJECTIVE OF THE BY-LAW

- (1) Where the Municipality executes any actions or conducts functions in terms of this by-law the Municipality may in addition to any rights and powers given to the Municipality in terms of the Systems Act or this by-law:
- (a) access any premises and/or execute work on and/or inspect any premises;
 - (b) question a person present on any premises in respect of any matter which may be relevant to the work or inspection;
 - (c) question a person whom the Municipality believes may have information relevant to the work or inspection;
 - (d) inspect any document that a person is required to maintain in terms of any law or may be relevant to any work or inspection;
 - (e) copy any document referred to in sub-section (d) above, or if necessary remove the document in order to copy it;
 - (f) take samples of any substance that is relevant to the work or inspection;
 - (g) monitor and take readings or make measurements;
 - (h) take photos or make audio-visual recordings of anything or any person, process, action or condition on or regarding any premises;
 - (i) do whatsoever is necessary for the execution of work or the conducting of an inspection including removing any object or item from the premises, such as to enable the Municipality to do what is required to give effect to and/or enforce the provisions of this by-law;
 - (j) remove or rectify any unlawful connection, works, material, acts or behaviour.
- (2) Where the Municipality removes anything other than a substance referred to in sub-section (1)(f) above, from premises being worked upon or inspected must:

in accordance with the provisions of the Promotion of Access to Information Act, Act 2 of 2000.

12. AUTHENTICATION OF DOCUMENTS

Any document requiring authentication by the Municipality shall be sufficiently authenticated if signed by the Municipal Manager, or by a person duly authorised to do so, on behalf of the Municipality, by resolution of the Municipality and shall constitute *prime facie* proof of the authenticity, existence and contents of the document.

13. PRIMA FACIE EVIDENCE

In legal proceedings by, or on behalf of the Municipality, a certificate reflecting any information required in terms of this by-law included in such a certificate and which is signed by the Municipal Manager, or by a person duly authorised to do so, on behalf of the Municipality, by resolution of the Municipality, shall subject to the provisions of section 3 of the Law of Evidence Amendment Act, Act 45 of 1988, upon its mere production constitute *prima facie* evidence of the contents of the certificate.

14. PROVISION OF INFORMATION

An owner, consumer, customer and debtor or person within the municipal area the Municipality must provide the Municipality with accurate information requested by the Municipality that is reasonably required by the Municipality for the implementation or enforcement of this by-law.

15. FALSE STATEMENTS OR INFORMATION



- (k) obstruct or hinder the Municipality in the execution of the Municipality's duties under this by-law.
- (2) Any alleged offence committed in terms of sub-section (1) above, may be referred to the South African Police Services by the Municipality for investigation with a view to possible prosecution.

17. PENALTY

A person who contravenes or fail to comply with a provision of this by-law, or commit an offence as set out in this by-law shall be liable on conviction to a fine or imprisonment, or in the case of any continued offence to a further fine or imprisonment for every day during the continuance of such offence.

18. AVAILABILITY OF BY-LAW

A copy of this by-law shall be included in the Municipality's Municipal Code as required by the provisions of section 15 of the Systems Act and a copy of this by-law shall be available for inspection at the offices of the Municipality at all reasonable times and shall also be available from the Municipality against payment of an amount as determined by the Council.

FUNDING & RESERVES POLICY

MAQUASSI HILLS LOCAL MUNICIPALITY



FUNDING AND RESERVES POLICY

ADOPTION DATE: 30 JUNE 2020
RESOLUTION NO: 11/2020

SIGNATURE VER

PREAMBLE

WHEREAS the Municipal Budget and Reporting Regulations, 2008 published in Government Gazette No. 32141 on 17 April 2009 (hereafter "the Regulations") were promulgated in terms of section 168 of the Local Government: Municipal Finance Management Act, Act 56 of 2003 (hereafter "the MFMA");

AND WHEREAS the Maquassi Hills Local Municipality (hereafter "the Municipality") is required in terms of regulation 8 of the Regulations to have a Funding and Reserves Policy which complies with the provisions of the said regulation;

NOW THEREFORE, the Municipal Council of the Municipality adopts this Funding and Reserves Policy (hereafter "this policy") in order to comply with the provisions of the aforementioned regulation 8, to ensure that the operating and capital budgets of the Municipality are appropriately funded, and to ensure that provisions and reserves are maintained at the required levels to avoid future years unfunded liabilities.

THE MAQUASSI HILLS

LOCAL MUNICIPALITY:

FUNDING AND RESERVES POLICY

TABLE OF CONTENTS

ITEM NO.	ITEM	PAGE NO.
1.	DEFINITIONS	4
2.	ABBREVIATIONS	7
3.	AIM, PURPOSE AND OBJECTIONS OF THIS POLICY	7
4.	TITLE AND APPLICATION	8
5.	COMMENCEMENT AND VALIDITY	8
6.	RESPONSIBLE AUTHORITY	8
7.	POLICY PRINCIPLES	9
8.	LEGISLATIVE FRAMEWORK	9
9.	FUNDING OF THE ANNUAL BUDGET	10
10.	DEBT MANAGEMENT	11
11.	CASH MANAGEMENT	11
12.	OPERATING BUDGET	12
13.	CAPITAL BUDGET	16
14.	RESERVES	19
15.	PROVISIONS	21
16.	IMPLEMENTATION AND REVIEW OF THIS POLICY	22

CHAPTER 1

INTRODUCTORY PROVISIONS

1. DEFINITIONS

In this policy, except where the context otherwise indicates, or it is expressly stipulated otherwise, the following words and expressions shall have the respective meanings assigned to them hereunder, and words and expressions to which a meaning has been assigned in terms of the provisions of the MFMA and the Regulations promulgated in terms thereof, will have a corresponding meaning assigned thereto in terms of the said act and regulations. All headings are included for convenience only and shall not be used in the interpretation of any of the provisions of this policy.

NO.	WORD/EXPRESSION	DEFINITION
"A"		
1.1	"Accounting Officer"	Means the Municipal Manager appointed in terms of section 54A of the Systems Act and as referred to in section 60 of the MFMA.
1.2	"annual budget"	Means the budget approved by the Council of the Municipality for any particular financial year, and shall include any adjustments to such a budget.
1.3	"annually"	Means once every financial year.
"B"		
1.4	"Borrowing Policy"	Means the Borrowing Policy of the Municipality as envisaged in terms of Chapter 6 of the MFMA.
"C"		
1.5	"Cash Management and Investment Policy"	Means the Cash Management and Investment Policy of the Municipality as envisaged in terms of section 13(1) of the MFMA.

1.6	"Constitution"	Means the Constitution of the Republic of South Africa, 108 of 1996.
1.7	"Council"	Means the Municipal Council of the Municipality as referred to and constituted in terms of the provisions of section 157 of the Constitution.
1.8	"Credit Control and Debt Collection Policy"	Means the Credit Control and Debt Collection Policy of the Municipality as envisaged in terms of the provisions of section 96 of the Systems Act.
"F"		
1.9	"financial year"	Means the period starting from 1 July in any year and ending on 30 June of the following year.
1.10	"Funding and Reserves Policy" or "this policy"	Means the Funding and Reserves Policy of the Municipality as envisaged in terms of regulation 8 of the Regulations.
"M"		
1.11	"Mayor"	Means, in terms of the provisions of section 1 of the MFMA, in relation to a municipality with a mayor, the councillor elected as the mayor of the Municipality in terms of section 55 of the Structures Act.
1.12	"Municipal Finance Management Act" or "MFMA"	Means the Local Government: Municipal Finance Management Act, Act 56 of 2003 and the regulations promulgated in terms of this act.
1.13	"Municipality"	Means the MAQUASSI HILLS LOCAL MUNICIPALITY a local government and legal entity with full legal capacity as contemplated in section 2 of the Systems Act read with the provisions of Chapter 7 of the Constitution and sections 12 and 14 of the Structures Act, with its main place of business and the offices of the Municipal Manager, as envisaged in terms of the provisions of section 115(3) of the Systems Act, at: 19 Kruger Street, Wolmaransstad, and may, depending on the context, include: (a) its successor in title; or

		<p>(b) a functionary, employee or official exercising a delegated power or carrying out an instruction, in the event of any power being delegated as contemplated in terms of the provisions of section 59 of the Systems Act, or exercising any lawful act in the furtherance of the Municipality's duties, functions and powers; or</p> <p>(c) an authorised service provider fulfilling a responsibility assigned to it by the Municipality through a service delivery agreement.</p>
1.14	"Municipal Property Rates Act" or "MPRA"	Means the Local Government: Property Rates Act, Act 6 of 2004 and promulgated Regulations in line with the Act.
1.15	"municipal service" or "services"	<p>Means a service that a municipality in terms of its powers and functions provides or may provide to or for the benefit of the local community irrespective of whether:</p> <p>(a) such service is provided or to be provided by the Municipality through an internal mechanism contemplated in section 76 of the Systems Act or by engaging an external mechanism contemplated in Section 76; and</p> <p>(b) fees, charges or tariffs are levied in respect of such service or not.</p>
1.16	"municipal tariff" / "tariff"	Means a fee, charge or tariff for services which the Municipality may levy in terms of the provisions of section 75A of the Systems Act for the provision of a municipal service to the local community, and includes a surcharge on such fee, charge or tariff.
"R"		
1.17	"rates"	Means a municipal rate on property levied in terms of section 229(1)(a) of the Constitution and section 2(1) of the MPRA.
1.18	"Rates Policy"	Means the Rates Policy of the Municipality as adopted by the Municipality and envisaged in terms of section 3(1) of the MPRA.

"S"		
1.19	"Structures Act"	Means the Local Government: Municipal Structures Act, Act 117 of 1998.
1.20	"Supply Chain Management Policy"	Means the Supply Chain Management Policy of the Municipality as envisaged in terms section 111 of the MFMA.
1.21	"Systems Act"	Means the Local Government: Municipal Systems Act, Act 32 of 2000.
"T"		
1.22	"tariff policy"	Means the Tariff Policy of the Municipality as envisaged in terms of section 74(1) of the Systems Act.

2. ABBREVIATIONS

In this policy the following abbreviations will be used to signify the meaning or entity as indicated:

DORA	The Division of Revenue Act, as enacted at the beginning of April every year.
GRAP	General Recognised Accounting Practices.
IDP	Integrated Development Plan.

3. AIM, PURPOSE AND OBJECTIVES OF THIS POLICY

The aim and purpose of this policy is to:

- (1) ensure that the Municipality has sufficient and cost-effective cash funding in order to achieve its objectives through the implementation of its operating and capital budgets; and

- (2) the objectives of this policy are to set out the assumptions and methodology for estimating the following:
- (a) projected billings, collections and all direct revenues;
 - (b) the provision for revenue that will not be collected;
 - (c) the funds the Municipality can expect to receive from investments;
 - (d) the proceeds the Municipality can expect to receive from the transfer or disposal of assets;
 - (e) the Municipality's borrowing requirements; and
 - (f) the funds to be set aside in reserves.

4. TITLE AND APPLICATION

- (1) This policy shall be known as the Funding and Reserves Policy of the Municipality and is applicable to the municipal area of the Municipality.
- (2) This policy revokes all previous policies, decisions and/or *ad hoc* clauses within any other policy, regarding the subject matter of this policy.

5. COMMENCEMENT AND VALIDITY

This policy, being a budgetary policy, shall come into full force and effect upon the adoption thereof by the Council of the Municipality by resolution, which resolution will be part of the adoption process of the Municipality's annual budget as referred to in paragraph 16(1) below.

6. RESPONSIBLE AUTHORITY

- (1) The responsible authority for the adoption and implementation of this policy is the Municipality, and where applicable the Council of the Municipality.
- (2) In terms of section 62 of the MFMA, the Accounting Officer of the Municipality is responsible for managing the financial administration of the Municipality, and must for this purpose take all reasonable steps to ensure *inter alia* that the Municipality has and implements:
 - (a) the Tariff Policy referred to and envisaged in section 74 of the Systems Act;
 - (b) the Credit Control and Debt Collection Policy referred to and envisaged in section 96(b) of the Systems Act;
 - (c) the Rates Policy as required in terms of MPRA;
 - (d) the Cash Management and Investment Policy referred to and envisaged in terms of section 13(1) of the MFMA; and
 - (e) the Supply Chain Management Policy of the Municipality referred to and envisaged in terms of section 111 of the MFMA.

7. POLICY PRINCIPLES

The Municipality undertakes to promote the following principles regarding this policy:

- (1) affordability;
- (2) financial sustainability;
- (3) equity; and
- (4) efficiency.

8. LEGISLATIVE FRAMEWORK

This policy is mandated, designed and must be implemented within the framework of *inter alia* the following legislation:

- (a) regulation 8 of the Regulations;
- (b) the Constitution;
- (c) the Systems Act;
- (d) the MFMA;
- (e) all relevant directives and guidelines issued by National Treasury, and more specifically National Treasury MFMA Circulars 51 and 64.

9. FUNDING OF THE ANNUAL BUDGET

- (1) An annual budget may only be funded from:
 - (a) realistically anticipated revenues to be collected or received;
 - (b) cash backed accumulated funds from previous years surpluses and reserves not committed for any other purpose; and
 - (c) borrowed funds, but only for the capital budget and projects.
- (2) Realistic anticipated revenue projections must take into account:
 - (a) projected revenue for the current year based on collection levels to date; and
 - (b) actual revenue collected in previous financial years.
- (3) Spending on a capital project may only occur if:
 - (a) the money for the project, excluding the cost of feasibility studies, has been appropriated in the budget;
 - (b) the project, including the total cost, has been approved by Council;
 - (c) the sources of funding have been considered, are available and have not been committed for other purposes;



- (d) Council has considered:
 - (i) the projected cost covering all financial years until the project is operational; and
 - (ii) the future operations costs and revenue on the project, including municipal tax and tariff implications.

10. DEBT MANAGEMENT

- (1) The municipal debt is managed in terms of the Credit Control and Debt Collection Policy.
- (2) The provision for revenue that will not be collected is adequately budgeted as an expense (bad debt provision) and must be based on the projected annual non-payment for services.

11. CASH MANAGEMENT

- (1) The Municipality's cash management and investment is managed in terms of the Municipality's Cash Management and Investment Policy.
- (2) The availability of cash is one of the most important requirements for financial sustainability and must be closely monitored to ensure a minimum cash days on hand of ninety (90) days for daily operations.
- (3) Changes in the municipal environment that may have an impact on the municipal cash position include:
 - (a) changes in revenue levels as a result of changes in consumption patterns (water restrictions, load shedding etc);
 - (b) reduced growth as a result of economic conditions;



- (c) increase in non-payment rate due to economic conditions or political reasons; and
 - (d) implementation of electricity industry pricing policy (inclining block tariffs).
- (4) Surplus cash not immediately required for operation purposes by the Municipality, shall be invested in terms of the Municipality's Cash Management and Investment Policy so as to maximise the returns on the investments.

12. OPERATING BUDGET

- (1) The operating budget of the Municipality provides funding to departments for their medium term expenditure as planned. The Municipality categorises the municipal services rendered to the community according to its Tariff Policy.
- (2) In accordance with Section 18 of the MFMA, the operating budget can only be funded from realistically anticipated revenue. Provision for bad debt and depreciation, although non cash items, are not to be used to "balance" operating shortfalls.
- (3) The operating budget is funded from the following main sources of revenue:
 - (a) property rates levied in terms of the MPRA and the Rates Policy;
 - (b) fees, charges or tariffs levied in terms of the provisions of section 75A of the Systems Act and the Tariff Policy;
 - (c) government grants and subsidies;
 - (d) other sundry revenue, such as fines, interest received etc; and
 - (e) cash backed accumulated surpluses from previous years not committed for any other purposes.

- (4) The Municipality shall apply when compiling the operating budget:
- (a) the annual budget must be cash backed. This implicates that apart from expenditure being budgeted it must always be cash funded (provision for bad debt must therefore be equal to actual payment levels);
 - (b) growth parameters must be realistic taking into account the current economic conditions;
 - (c) tariff adjustments must be realistic, taking into consideration affordability, bulk increases and future projected growth according to the approved Integrated Development Plan (IDP);
 - (d) revenue from government grants and subsidies must be in line with allocations gazetted in the Division of Revenue Act (DORA) and Provincial Gazettes;
 - (e) revenue from public contributions, donations or any other grants may only be included in the budget if there are acceptable documentation that guarantees the funds such as:
 - (i) a signed service level agreement;
 - (ii) a contract or written confirmation; or
 - (iii) any other legally binding document.
 - (f) property rates are levied in accordance with the MPRA and the Rates Policy of the Municipality based on the market values of the properties. The budget is compiled using the latest approved Valuation Roll of the Municipality and any Supplementary Roll, consistent with current and past trends. Property rates tariffs and rebates are determined annually by the Municipality as part of the tariff setting process, and as set out and referred to in the Tariff Policy and Tariff Schedule;

- (g) property rates rebates, exemptions and reductions are budgeted either as revenue foregone or as a grant as per MFMA Budget Circular 51, depending on the conditions thereof;
- (h) projected revenue from municipal service charges must be realistic, based on current and past trends, with expected growth considering the current economic conditions. The following factors must be considered for each municipal service:
 - (i) metered municipal services comprising of electricity and water:
 - (aa) the consumption trends for the previous financial years;
 - (bb) envisaged water restrictions or load shedding when applicable; and
 - (cc) actual revenue collected in previous financial years.
 - (ii) refuse removal services:
 - (aa) the actual number of erven receiving the refuse removal service per category; and
 - (bb) actual revenue collected in previous financial years.
 - (iii) sewerage services:
 - (aa) the actual number of erven receiving the sewerage service per category and the consumption trends per category; and
 - (bb) actual revenue collected in previous financial years.
- (i) rebates, exemptions or reductions for municipal service charges are budgeted either as revenue foregone or as a grant as per MFMA Budget Circular 51 depending on the conditions thereof;
- (j) other projected revenue is charged in terms of the approved sundry tariffs and fines, considering the past trends and expected growth for each category;

- (k) provision for revenue that will not be collected is made against the expenditure item debt impairment and is based on actual collection levels for the previous financial year and the latest projected annual non-payment rate;
- (l) transfers from the accumulated surplus to fund operating expenditure will only be allowed for specific once-off projects and with no recurring operating expenditure resulting thereof;
- (m) interest received from actual long-term and or short-term investments are based on the amount reasonably expected to be earned on cash amounts available during the year according to the expected interest rate trends;
- (n) depreciation charges are fully budgeted for according to the asset register and to limit the impact of the implementation of GRAP 17 a transfer is made from the accumulated surplus. However, this is limited to the deemed fair value of assets previously funded from grants and donations. In addition, the annual cash flow requirement for the repayment of borrowings must be fully taken into consideration by the Municipality with the setting of tariffs;
- (o) a detailed salary budget is compiled on an annual basis by the Municipality. All funded positions are budgeted for in total and new and/or funded vacant positions are budgeted for nine (9) months only of the total package considering the time for the recruitment process. As a guiding principle, the salary budget of the Municipality should not constitute more than 25% of annual operating expenditure;
- (p) to ensure the health of the municipal asset base, sufficient provision must be made for the maintenance of existing and infrastructure assets based on affordable levels as maintenance budgets are normally lower than the recommended levels. As a guiding principle, repair and maintenance should constitute at least between 8% and 10% of total operating expenditure and should annually be increased incrementally until the required targets are achieved;



- (q) individual expenditure line items are to be revised each year by the Municipality, when compiling the budget, to ensure proper control over operating expenditure. Increases for these line items must be linked to the average inflation rate and macro-economic indicators unless a signed agreement or contract stipulates otherwise.

13. CAPITAL BUDGET

- (1) The capital budget of the Municipality provides funding for the Municipality's capital programme, based on the needs and objectives as identified by the community through the IDP of the Municipality, and provides for the eradication of infrastructural backlogs, renewal and upgrading of existing infrastructure, new developments and enlargement of bulk infrastructure.
- (2) Provisions on the capital budget will be limited by the Municipality to availability of sources of funding and affordability. The main sources of funding for capital expenditure are:
 - (a) cash backed accumulated surpluses;
 - (b) borrowings;
 - (c) government grants and subsidies;
 - (d) public donations and contributions; and
 - (e) operating revenue.
- (3) The following guiding principles apply when the Municipality is considering sources of funding for the capital budget:
 - (a) Government Grants and Subsidies:
 - (i) only gazette allocations or transfers as reflected in the Division of Revenue Act (DORA), or allocations as per Provincial Gazettes may be used to fund projects;

- (ii) the conditions of the specific grant must be taken into consideration when allocated to a specific project; and
 - (iii) government grants and subsidies allocated to specific capital projects are provided for on the relevant department's operating budget to the extent that the conditions will be met during the financial year.
- (b) in the case of public contributions, donations and/or other grants, such capital projects may only be included by the Municipality in the annual budget if the funding is guaranteed by means of:
 - (i) a signed service level agreement;
 - (ii) a contract or written confirmation; and/or
 - (iii) any other legally binding document.
- (c) public donations, contributions and other grants are provided for on the relevant department's operating budget to the extent that the conditions will be met during the financial year.
- (d) the borrowing requirements as contained in the Borrowing Policy of the Municipality are used as a basis to determine the affordability of external loans over the Medium Term Revenue and Expenditure Framework. The ratios to be considered by the Municipality to take up new borrowings include:
 - (i) long-term credit rating of at least BBB;
 - (ii) interest cost to total expenditure to not exceed 8%;
 - (iii) long-term debt to revenue (excluding grants) not to exceed 50%;
 - (iv) payment rate of above 90%;
 - (v) percentage of capital charges to operating expenditure less than 15%.
- (e) allocations to capital projects from Cash Backed Accumulated Surpluses (**subject to the provisions below**) will be based on the

available funding for each ring-fenced reserve according to the conditions of each reserve as follows:

- (i) capital projects of a smaller nature such as office equipment, furniture, plant and equipment etc. must be funded from the Municipality's own generated revenue from the operating budget for that specific year;
 - (ii) infrastructure projects to service new developments and the revenue received through the sale of erven must be allocated to the Capital Reserve for Services;
 - (iii) capital projects to replace and/or upgrade existing assets will be allocated to the Capital Replacement Reserve; and
 - (iv) capital projects to upgrade bulk services will be allocated to the Capital Bulk Contributions Reserve for each service.
- (4) In accordance with Section 19 of the MFMA, the Municipality may spend money on a capital project only if:
- (a) the money for the project (excluding feasibility study cost) has been budgeted for in the capital budget;
 - (b) the project, including the total cost, has been approved by Council;
 - (c) compliance with section 33 of the MFMA (contracts with future budgetary implications), to the extent that the said section may be applicable to the project; and
 - (d) the sources of funding have been considered, are available and have not been committed for other purposes.
- (5) Before approving a capital project the Council of the Municipality must consider:
- (a) the projected cost covering all financial years until the project is operational; and

- (b) the future operational costs and revenue on the project, including municipal tax and tariff implications.
- (6) All capital projects have an effect on future operating budgets of the Municipality. The following cost factors must therefore be considered by the Municipality before approval:
- (a) additional personnel cost to staff new facilities once operational;
 - (b) additional contracted services, such as security, cleaning etc.;
 - (c) additional general expenditure, such as services cost, stationery, telephones, material etc.;
 - (d) additional other capital requirements to operate the facility, such as vehicles, plant and equipment, furniture and office equipment etc.;
 - (e) additional costs to maintain the assets;
 - (f) additional interest and redemption in the case of borrowings;
 - (g) additional depreciation charges; and
 - (h) additional revenue generation. The impact of expenditure items must be offset by additional revenue generated to determine the real impact on tariffs.

14. RESERVES

- (1) To ensure that funding is readily available to the Municipality for future development and the timeous replacement of infrastructure responsible for service delivery, it will be prudent for the Municipality to create dedicated reserves that are cash backed at all times.
- (2) All reserves are "*ring fenced*" as internal reserves within the accumulated surplus, except for provisions as allowed by the General Recognised Accounting Practices (GRAP).

- (3) The following ring fenced reserves should be established and cash backed over a period of time:

(a) Capital Reserve for New Developments

This reserve will be used by the Municipality to fund capital expenditure to service new developments. Each development is ring fenced within this reserve. The valuer determines the price for the erven to be sold and the revenue generated through the sale of erven is then allocated to the specific development. This reserve must be cash backed at all times to ensure the availability of cash to fund the capital expenditure required to service the erven.

(b) Capital Replacement Reserve

Funding for capital budgets of future financial years are generated through contributions from the operating budget. Once the Municipality has reached its maximum gearing ability, no further borrowings can be taken up. This necessitates that the Municipality also invests in a capital replacement reserve. However, it must be cash backed.

This reserve, once fully established, will enable the Municipality to provide internal funding for its capital replacement and renewal programme.

Other contributions to the capital replacement reserve through the operating budget may include:

- (i) interest received on investments;
- (ii) surface rentals from mines as identified from time to time;
- and

This reserve must be cash backed at all times to ensure the availability of cash to fund the municipal capital programme.

(c) Bulk Capital Contribution Reserves

This reserve is intended to supplement capital expenditure of the Municipality for the necessary expansions and upgrading of bulk infrastructure due to new developments. Revenue generated through bulk services contributions are allocated to this reserve for each applicable service. This reserve must also be cash backed at all times.

15. PROVISIONS

- (1) A provision is recognised when the Municipality has a present obligation as a result of a past event and it is probable, more likely than not, that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.
- (2) Provisions are revised annually by the Municipality and those estimates to be settled within the next twelve (12) months are treated as current liabilities.
- (3) The Municipality should have the following provisions:
 - (a) **Leave Provision**

Liabilities for annual leave are recognised as they accrue to employees. An annual provision is made from the operating budget to the leave provision. Due to the fact that not all leave balances are to be redeemed for cash at once, only 75% of the leave provision is cash backed.
 - (b) **Landfill Rehabilitation Provision**

The landfill sites rehabilitation provision is created for the current operational site at the future estimated time of closure. The value of the provision is based on the expected future cost to rehabilitate the

landfill sites. This provision must be cash backed to ensure availability of cash for rehabilitation on closure.

(c) Long Services Awards

Municipal employees are awarded leave days according to years in service at year end. Due to the fact that not all long service leave balances are redeemed for cash at once, only 75% of the long service leave provision is cash backed.

(d) Post-Employment Medical Care Benefits

The Municipality provides post-retirement medical care benefits by subsidizing the medical aid contributions to retired employees and their legitimate spouses. The entitlement to post-retirement medical benefits is based on employees remaining in service up to retirement age and the completion of a minimum service period. The expected cost of these benefits is accrued over a period of employment. This provision must be cash backed to ensure the availability of cash for the payment of medical aid payments.

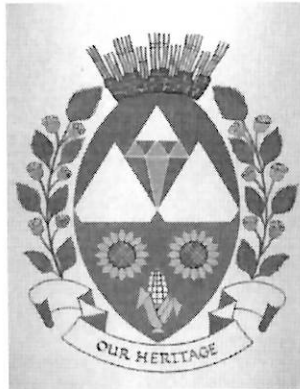
16. IMPLEMENTATION AND REVIEW OF THIS POLICY

- (1) This policy shall be implemented once approved by Council as part of the budgetary policies of the Municipality, as referred to in the provisions of regulation 7 of the Municipal Budget & Reporting Regulations, 2008, and section 17(3)(e), section 21(1)(b)(ii)(bb), section 22(a)(i) and section 24(2)(c)(v) of the MFMA.
- (2) In terms of the provisions of section 17(1)(e) of the MFMA this policy must be reviewed on annual basis and the reviewed policy tabled to Council for approval as part of the budget process.



VIREMENT POLICY

Maquassi Hills Local Municipality



VIREMENT POLICY

APPROVED DATE: 30 JUNE 2020

COUNCIL RESOLUTION: 11/2020

SIGNATURE _____

1. Background and Purpose

1.1 Virement is the process of transferring funds from one line item of a budget to another.

The term is derived from a French word meaning a commercial transfer.

1.2 Each year, the Municipality produces an annual budget which must be approved by Council. In practice, as the year progresses, circumstances may change so that certain estimates are under-budgeted and others over-budgeted due to unforeseen expenditure (for example, due to the occurrence of disasters) or savings. As a result, it becomes necessary to transfer funds between item segment and project segment within the same source of funding. It is not practical to refer all transfers between item segment and project segments within a segment to the Council, and as the Local Government:

Municipal Finance Management Act ("MFMA") is largely silent as to such transfers, it is necessary to establish a policy which governs the administrative transfer item segment and project segments within the same source.

- 1.3 The purpose of this policy is therefore to provide a framework whereby transfers between items segments and project segment within the same funding segments of the operating budget and capital budget may be performed with the approval of certain officials.

2. Application of Policy

- 2.1 This policy applies only to transfers between line items between item segments and project segments source of funding of the Municipality's operating budget.

mSCOA is a multi-dimensional recording and reporting system across seven segment:

Municipal Standards Classification (own cost centres)

Function segment- (GFS item segment structure)

Item segment- (asset, liability, revenue, expenditure)

Project segment- (capital, operating, repairs & maintenance)

Region segment- (jurisdictional area, town, suburb, ward)

Funding segment- (rates, services charges, grants, public donations & loans)

Costing segment- (determine cost drivers, internal billing & departmental charges.

- 2.2 Section 28(2) (d) of the MFMA provides that *"An adjustments budget...may authorize the utilisation of projected savings in one function segment towards spending in another function segment."*

Transfers between municipal standard classification or department may therefore be authorised only by the Council of the Municipality.

- 2.3 For ease of reference, the definition of "vote" as contained in Section 1 of the MFMA is set out hereunder:

"vote means –

(a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and

(b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned."

- 2.4 This policy shall not apply to transfers between or from capital projects or items and no such transfers may be performed under this policy.

2.5 Any deviation from or adjustment to an annual budget or transfer within a budget which is not specifically permitted under this policy or any other policy may not be performed unless approved by the council through an adjustments budget.

3. Authorisation of Virements

A transfer of funds from one item segment and project segments with function segments to another under this policy may, subject to the provisions of this policy, be authorised as follows:

3.1 If the amount does not exceed R 1,000.00, the transfer may be authorised by the Chief Financial Officer of the Municipality or the Municipal Manager of the Municipality after consultation with the Chief Financial Officer;

3.2 If the amount exceeds R 1,000.00 but does not exceed R 5,000.00, the transfer may be authorised by the Municipal Manager after consultation with the Chief Financial Officer;

3.3 If the amount exceeds R 5,000.00 but does not exceed R 10,000.00, the transfer may be authorised by the Mayor of the Municipality on the recommendation of the Municipal Manager.

3.4 Notwithstanding the provisions of 3.1, a transfer of funds between functions or sub-functions within a particular function segment may not be authorised by the Chief Financial Officer but may only be authorised by:

3.4.1 the Municipal Manager, if the amount does not exceed the amount of R 5,000.00;

3.4.2 the Mayor, if the cost exceeds the amount of R 5,000.00 but does not exceed R 10,000.00.

4. Limitations on amount of Virement

4.1 Notwithstanding the provisions of section 3:

4.1.1 The total amount transferred from and to item segment within a particular function in any financial year may not exceed 10% of the amount allocated to that vote;

4.1.2 The total amount transferred from and to item segment in the entire budget in any financial year may not exceed 10 % of the total operating budget for that year;

4.1.3 The amount of any one transfer of funds between item segment may not exceed the sum of R 25,000.00.

4.2 A transfer which exceeds, or which would result in the exceeding of, any of the limits referred to in 4.1 above may, however, be performed if the Council by resolution approves thereof.

5. Virement Permitted only if Savings are Projected

A transfer of funds from one item segment or project segment to another may take place only if savings within the first-mentioned item segment are projected, and such transfer may, subject in any event to the provisions of this policy, not exceed the amount of such projected savings.

6. Further Restrictions on Virement

6.1 A transfer of funds between item segment shall not be permitted under this policy if the effect thereof would be to:

6.1.1 contravene any policy of the Municipality; or

6.1.2 alter the approved outcomes or outputs of an Integrated Development Plan;

Or

6.1.3 result in any adjustment to the Service Delivery and Budget Implementation Plan.

6.2 No transfer of funds shall be permitted if same were to result in any change to the staff establishment of the Municipality, except if the Municipal Manager approves of such change.

6.3 If any item segment has been specifically ring-fenced, no transfer of funds may be made under this policy to or from such item segment.

6.4 Transfers of funds may not be made under this policy between or from capital items or projects.

6.5 To the extent that it is practical to do so, transfers within the first three months and the last month of the financial year should be avoided.

6.6 By definition, transfers may not be made under this policy from a item segment administered by one department to a item segment administered by another.

6.7 In accordance with Section 30 of the MFMA, no transfer of funds may be made from a item segment and project segment of a budget for a particular year to a item segment and project segment of a budget for a subsequent year.

6.8 The transfer of funds in any year in accordance with this policy shall not give rise to any expectations of a similar transfer occurring in a subsequent year

6.9 No transfer of funds shall be made if such transfer would constitute a transgression or contravention of any statute, regulation or other law, any policy, directive or guideline binding upon the Municipality, or the avoidance by the Municipality of any obligation imposed upon it by contract or any other cause.

6.10 The approval of any transfer shall not *per se* constitute authorisation for expenditure, and all expenditure resulting from approved transfers must, be carried out in accordance with the Municipality's Supply Chain Management Policy.

6.11 The transfer of funds must in any event not contravene municipal budget and reporting regulations (MBRR) and the provisions of paragraph 4.6 of MFMA Circular 51 (Municipal Budget Circular for the 2010/2011 MTREF) issued on 19 February 2010, which provides, inter alia, as follows:

1. *"Virements should not be permitted in relation to the revenue side of the budget;*
2. *Virements between item segments should be permitted where the proposed shifts in funding facilitates sound risk and financial management (e.g. the management of central insurance funds and insurance claims from separate item segment);*
3. *Virements from the capital budget to the operating budget should not be permitted;*
4. *Virements towards personnel expenditure should not be permitted;*
5. *Virements to or from the following items should not be permitted: bulk purchases; debt impairment, interest charges; depreciation, grants to individuals, revenue foregone, insurance and VAT;*
6. *Virements should not result in adding 'new' projects to the Operating and Capital Budget;*
7. *Virements of conditional grant funds to purposes outside of that specified in the relevant conditional grant framework must not be permitted."*

7 Procedures for Virement

7.1 Proposals for transfers may be made by the Head of Department concerned.

7.2 The Municipal Manager shall prescribe a form on which all proposals for transfers of funds under this policy shall be made, which form shall include, but not be limited to, provisions for the following:

7.2.1 the name of the department concerned;

7.2.2 descriptions of the item segment and project segment from and to which the transfer is to be made;

7.2.3 the amount of the proposed transfer;

7.2.4 the cause of the saving in the item segment and project segment from which the transfer is to be made;

7.2.5 the justification for the transfer;

7.2.6 a description of any consequences that such transfer may have for the Integrated Development Plan or the Service Delivery and Budget Implementation Plan.

7.3 Each proposal for a transfer shall be submitted by the Head of Department concerned to the Chief Financial Officer and if:

7.3.1 the amount of the transfer does not exceed the amount referred to in section 3.1 and the transfer is not between functional segments, the Chief Financial Officer shall:

7.3.1.1 approve the proposal, or

7.3.1.2 reject the proposal; or

7.3.1.3 refer the proposal to the Municipal Manager for approval or rejection;

7.3.2 the amount of the transfer does not exceed the amount referred to in section 3.1 but the transfer is between functions, or if it falls within the range of amounts referred to in section 3.2, the Chief Financial Officer shall refer the proposal to the Municipal Manager who, after consultation with the Chief Financial Officer shall approve or reject the proposal;

7.3.3 the amount of the transfer falls within the range of the amounts referred to in section 3.3, the Chief Financial Officer shall refer the matter to the Municipal Manager who in turn shall refer the matter to the Mayor, together with his recommendations and the Mayor shall either approve or reject the proposal.

7.4 Upon a proposal for transfer being approved, such transfer shall be implemented subject to compliance with the Municipality's Supply Chain Management Policy.

8. Reporting

The Municipal Manager shall submit a report on all transfers made under this Policy to the Mayor every quarter (September; December; March; June).

9. General

9.1 The Municipal Manager shall be responsible for the implementation and administration of this Policy.



9.2 After the approval of the Municipal Council, this policy be in effect as of 1 July 2020 for the 2020/2021 financial year. The municipality would evaluate and review the policy on an annual basis and make changes if it is necessary.

END

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BORROWINGS POLICY

MAQUASSI HILLS LOCAL MUNICIPALITY



POLICY ON BORROWING

SLC RESOLUTION: 11/2020
DATE OF ADOPTION: 30 JUNE 2020

THE MAQUASSI HILLS

LOCAL MUNICIPALITY:

POLICY ON BORROWING

TABLE OF CONTENTS

ITEM NO.	ITEM	PAGE NO.
1.	DEFINITIONS	4
2.	AIM AND PURPOSE	7
3.	TITLE AND APPLICATION	8
4.	COMMENCEMENT AND VALIDITY	8
5.	RESPONSIBLE AUTHORITY	8
6.	DELEGATIONS OF POWER	9
7.	POLICY OBJECTIVES	10
8.	LEGISLATIVE FRAMEWORK	10
9.	SHORT-TERM DEBT AND LONG-TERM DEBT	11
10.	IMPLEMENTATION AND REVIEW OF THIS POLICY	25
11.	INTERNAL CONTROLS	26
12.	REPORTING OBLIGATIONS	27
13.	OTHER REPORTING AND MONITORING REQUIREMENTS	29

1.6	"Chief Financial Officer"	Means a person designated in terms of section 80(2)(a) of the MFMA.
1.7	"Constitution"	Means the Constitution of the Republic of South Africa, Act 108 of 1996.
1.8	"Council"	Means the municipal council of the Municipality as referred to and constituted in terms of the provisions of section 157 of the Constitution.
"D"		
1.9	"debt"	Means: (a) a monetary liability or obligation created by a financing agreement, note, debenture, bond or overdraft, or by the issuance of municipal debt instruments; or (b) a contingent liability such as that created by guaranteeing a monetary liability or obligation of another.
1.10	"delegation"	In relation to a duty, includes an instruction or request to perform or to assist in performing the duty.
"F"		
1.11	"financial year"	Means the period starting from 1 July in any year and ending on 30 June of the following year.
"L"		
1.12	"lender"	Means a person who provides debt finance to a municipality.
1.13	"long-term debt"	Means debt repayable over a period exceeding one year.
"M"		
1.14	"Mayor"	Means, in terms of the provisions of section 1 of the MFMA, in relation to a municipality with an executive mayor, the councillor elected as the executive mayor of the municipality in terms of section 55 of the Structures Act.
1.15	"municipal debt instrument"	Means any note, bond, debenture or other evidence of indebtedness issued by a municipality, including

		service or not.
"N"		
1.19	"National Treasury"	Means the National Treasury established in terms of section 5 of the Public Finance Management Act, Act 1 of 1999.
"P"		
1.20	"Provincial Treasury"	Means a treasury established in terms of section 17 of the Public Finance Management Act, Act 1 of 1999.
"S"		
1.21	"security"	Means any mechanism intended to secure the interest of a lender or investor, and includes any of the mechanisms mentioned in section 48(2) of the MFMA.
1.22	"short-term debt"	Means debt repayable over a period not exceeding one year.
1.23	"Structures Act"	Means the Local Government: Municipal Structures Act, Act 117 of 1998 and any regulations promulgated in terms of the Act.
1.24	"Systems Act"	Means the Local Government: Municipal Systems Act, Act 32 of 2000, as amended, by Act 44 of 2003 and any regulations promulgated in terms of the Act.

2. AIM AND PURPOSE

- (1) The Municipality, as a custodian of public funds, has an obligation to see to it that cash resources are managed as effectively as possible. Council has a responsibility to spend public funds with great care and are liable to the community in that regard.
- (2) The purpose of this policy is:
 - (a) to establish a borrowing framework and guidelines for the Municipality for the borrowing of funds;

- (2) The Municipal Manager of the Municipality, as Accounting Officer, is in terms of the provisions of Chapter 8 of the MFMA responsible for managing the financial administration of the Municipality which inter alia includes the implementation and administration of this policy, provided that he/she may delegate in writing any of his/her powers under this policy to any other official of the Municipality.

6. DELEGATIONS OF POWER

- (1) The Accounting Officer of the Municipality must develop an appropriate system of delegations that will both maximise administrative and operational efficiency and provide adequate checks and balances in the Municipality's financial administration.
- (2) The Accounting Officer of the Municipality may, in accordance with the provisions of section 79 of the MFMA, delegate to a member of the Municipality's top management or any other official of the Municipality:
- (a) any of the powers or duties assigned to him/her in terms of the MFMA;
 - (b) any powers or duties reasonably necessary to assist him/her in complying with a duty which requires him/her to take reasonable or appropriate steps to ensure the achievement of the aims of a specific provision of the MFMA.
- (3) The Accounting Officer must regularly review delegations issued and, if necessary, amend or withdraw any of those delegations.
- (4) All delegation in terms of this policy:
- (a) must be in writing;



- (c) Local Government: Municipal Finance Management Act, Act 56 of 2003;
- (d) Local Government: Municipal Regulations on Debt Disclosure published under GN R 492 in Government Gazette No. 29966 of 15 June 2007;
- (e) Municipal Budget and Reporting Regulations for the MFMA published in Government Gazette No. 32141 dated 17 April 2009;
- (f) MFMA Circular no 49 on Non-payment of Obligations, dated 30 June 2009; and
- (g) all relevant directives and guidelines issued by National Treasury.

9. SHORT-TERM DEBT AND LONG-TERM DEBT

(1) Short-term Debt

- (a) A short term debt is a debt repayable by the Municipality over a period not exceeding 1 (one) year.
- (b) The Municipality may incur short-term debt only in accordance with and subject to the provisions of section 45 of the MFMA and only when necessary to bridge:
 - (i) shortfalls within a financial year during which the debt is incurred, in expectation of specific and realistic anticipated income to be received within that financial year; or
 - (ii) capital needs within a financial year, to be repaid from specific funds to be received from enforceable allocations or long-term debt commitments.
- (c) The Municipality may incur short-term debt only if:
 - (i) a resolution of the Municipal Council, signed by the Mayor, has approved the debt agreement; and



(2) Long-term Debt

- (a) A long term debt is a debt repayable by the Municipality over a period exceeding 1 (one) year.
- (b) The Municipality may incur long-term debt only in accordance with and subject to the provisions of section 46 of the MFMA and only for the purpose of:
 - (i) capital expenditure on property, plant or equipment to be used for the purpose of achieving the objects of local government as set out in section 152 of the Constitution, including costs referred to in sub-paragraph (e) below; or
 - (ii) re-financing existing long-term debt subject to sub-paragraph (f) below.
- (c) The Municipality may incur long-term debt only if:
 - (i) a resolution of the Council, signed by the Mayor, has approved the debt agreement; and
 - (ii) the Accounting Officer has signed the agreement or other document which creates or acknowledges the debt.
- (d) The Municipality may incur long-term debt only if the Accounting Officer of the Municipality:
 - (i) has, in accordance with section 21A of the Systems Act:
 - (aa) at least 21 (twenty one) days prior to the meeting of the Council at which approval for the debt is to be considered, made public an information statement setting out particulars of the proposed debt, including the amount of the proposed debt, the purposes for which the debt is to be incurred and particulars of any security to be provided; and
 - (bb) invited the public, the National and Provincial Treasury to submit written comments or

- the source of loan funds;
- (ccc) a schedule of consultation undertaken, including:
 - the date(s) on which the information statement was made public; and
 - the details of meetings, media adverts and other methods used to consult on the proposed long-term borrowing (debt);
- (ddd) a copy of the approved budget, and relevant documentation supporting the budget highlighting the asset(s) to be funded by the proposed borrowing (debt) and the revenue to be received. The Municipality must demonstrate that the proposed borrowing (debt) is consistent with its IDP, the capital budget and the revenue is shown accordingly;
- (eee) if the borrowing (debt) is for the purpose of refinancing existing long-term borrowing (debt), the following information:
 - a description of the asset(s) for which the original loan was required;
 - the useful remaining life of the asset(s);
 - the net present value of the asset(s), including the discount rate used and any assumptions in the calculations;
 - the net present value of projected future payments before refinancing, including the discount rate and assumptions used;



- (bbb) the anticipated total cost in connection with such debt over the repayment period.

The process concludes with a resolution of the Council, signed by the Mayor, approving the debt agreement. Thereafter the Accounting Officer must sign the debt agreement which creates or acknowledges the debt. In considering the debt, the Council must ensure that the long-term debt is consistent with the Municipality's capital budget.

In terms of section 75(1)(f) and 75(2) of the MFMA, the Accounting Officer must also place the details of all long-term borrowing contracts on the website of the Municipality within 5 (five) days of their tabling in the Council or the date on which they must be made public, which ever occurs first.

- (e) Capital expenditure contemplated in sub-paragraph (b) above may include:
 - (i) financing costs, including:
 - (aa) capitalised interest for a reasonable initial period;
 - (bb) costs associated with security arrangements in accordance with section 48 of the MFMA;
 - (cc) discounts and fees in connection with the financing;
 - (dd) fees for legal, financial, advisory, trustee, credit rating and other services directly connected to the financing; and
 - (ee) costs connected to the sale or placement of debt, and costs for printing and publication directly connected to the financing;

(4) Security

- (a) The Municipality may, by resolution of the Council, provide security for:
 - (i) any of its debt obligations;
 - (ii) any debt obligations of a municipal entity under its sole control; or
 - (iii) contractual obligations of the Municipality undertaken in connection with capital expenditure by other persons on property, plant or equipment to be used by the Municipality or such other person for the purpose of achieving the objects of local government in terms of section 152 of the Constitution.
- (b) The Municipality may in terms of sub-paragraph (a) above provide any appropriate security, including by:
 - (i) giving a lien on, or pledging, mortgaging, ceding or otherwise hypothecating, an asset or right, or giving any other form of collateral;
 - (ii) undertaking to effect payment directly from money or sources that may become available and to authorise the lender or investor direct access to such sources to ensure payment of the secured debt or the performance of the secured obligations, but this form of security may not affect compliance with section 8(2) of the MFMA;
 - (iii) undertaking to deposit funds with the lender, investor or third party as security;
 - (iv) agreeing to specific payment mechanisms or procedures to ensure exclusive or dedicated payment to lenders or investors, including revenue intercepts, payments into dedicated accounts or other payment mechanisms or procedures;



- (e) A determination in terms of sub-paragraph (c) above that an asset or right is not necessary for providing the minimum level of basic municipal services is binding on the Municipality until the secured debt has been paid in full or the secured obligations have been performed in full, as the case may be.

(5) Disclosure

- (a) In compliance with the provisions of section 49 of the MFMA the Municipality must, when interacting with a prospective lender or when preparing documentation for consideration by a prospective investor:-
 - (i) disclose all information in that person's possession or within that person's knowledge that may be material to the decision of that prospective lender or investor; and
 - (ii) take reasonable care to ensure the accuracy of any information disclosed.
- (b) A lender or investor may rely on written representations of the Municipality signed by the Accounting Officer, if the lender or investor did not know and had no reason to believe that those representations were false or misleading.
- (c) The Minister of Finance, acting with the concurrence of the Minister for Provincial and Local Government, has in terms of section 168 of the MFMA, made the Municipal Regulations on Debt Disclosure, published under GN R 492 in Government Gazette No. 29966 of 15 June 2007, which has been effective from 1 July 2007 (a copy of which is annexed hereto as Annexure "PB1").
- (d) In terms of regulation 3 of the abovementioned regulations, the Municipality must when entering into discussions with a prospective lender, other creditor or underwriter with a view to incur municipal debt, otherwise than through municipal debt instruments, indicate in

to a particular municipal service, the Municipality must disclose the following information, irrespective of whether the debt was incurred by way of the issuing of municipal debt instruments or in any other way:

- (i) whether the rights of recovery of a lender or investor against the Municipality is limited:
 - (aa) to revenues linked to that particular service; or
 - (bb) in any other respect;
- (ii) particulars of any security provided by the Municipality; and
- (iii) operational statistics pertaining to that particular municipal service and any other municipal service that is relevant to the debt transaction.

A disclosure in terms of the sub-regulation 15(1) must:

- (i) be contained in the disclosure statement if the debt is incurred through the issuing of municipal debt instruments; or
 - (ii) be made by written notice to the lender if the debt is incurred in any other way.
- (g) In terms of regulation 16 of the abovementioned regulations, the Municipality having incurred debt, irrespective of whether by way of the issuing of municipal debt instruments or otherwise, must provide written notification to lenders, investors and other holders of record of such debt instruments or debt, any designated fiduciaries representing any such lenders, investors or holders, any securities exchange on which the instruments are listed, and the National and Provincial Treasury, as soon as possible after becoming aware of:
- (i) any event which is likely to affect the ability of the Municipality to meet its repayment or security obligations in respect of its debt;

(6) Municipal Guarantees

- (a) The Municipality may not issue any guarantee for any commitment or debt of any organ of state or person, except on the following conditions:
- (i) the guarantee must be within limits specified in the Municipality's approved budget;
 - (ii) the Municipality may guarantee the debt of a municipal entity under its sole control only if the guarantee is authorised by the Council in the same manner and subject to the same conditions applicable to the Municipality in terms of Chapter 6 of the MFMA;
 - (iii) the Municipality may guarantee the debt of a municipal entity under its shared control or of any other person, but only with the approval of the National Treasury, and then only if:
 - (aa) the Municipality creates, and maintains for the duration of the guarantee, a cash-backed reserve equal to its total potential financial exposure as a result of such guarantee; or
 - (bb) the Municipality purchases and maintains in effect for the duration of the guarantee, a policy of insurance issued by a registered insurer, which covers the full amount of the Municipality's potential financial exposure as a result of such guarantee.

10. IMPLEMENTATION AND REVIEW OF THIS POLICY

- (1) This policy shall be implemented once approved by Council. All future borrowing transactions must be made in accordance with this policy.



12. REPORTING OBLIGATIONS

- (1) The Minister of Financing, acting with the concurrence of the Minister for Provincial and Local Government, has in terms of section 168 of the MFMA, made the Municipal Budget and Reporting Regulations published under Government Notice No. 393 in Government Gazette No. 32141 of 17 April 2009, which has been effective from 1 July 2009.
- (2) The object of the abovementioned regulations is to secure sound and sustainable management of the budgeting and reporting practices of the Municipality, and to ensure transparency, accountability and appropriate lines of responsibility in the budgeting and reporting processes of the Municipality and other relevant matters as required by the MFMA.
- (3) Reports by the Municipality:
 - (a) **Monthly budget statements**

The Accounting Officer of the Municipality must submit in terms of section 71 (regulations 28 – 30 of the abovementioned regulations are applicable) of the MFMA to the Mayor and the Provincial Treasury monthly reports on the state of the Municipality's budget in the prescribed format and with the appropriate details. The Provincial Treasury must no later than 22 (twenty two) working days after the end of each month, submit to the National Treasury and make public a consolidated statement of the on the state of the Municipality's budget.
 - (b) **Mid-year budget and performance assessment**

overspending and must promptly report to the National Treasury any overdraft position, in the format prescribed by National Treasury.

13. OTHER REPORTING AND MONITORING REQUIREMENTS

- (1) The Municipality shall on a monthly basis perform the following internal control and reporting functions relevant to borrowings:
- (a) reconciliation of bank accounts;
 - (b) payment requisition verification and authorisation;
 - (c) maintain a schedule of payment dates and amounts;
 - (d) complete National Treasury cash flow returns;
 - (e) submission of particulars of borrowings as required by section 71 of the MFMA;
 - (f) perform analysis of ratios; and
 - (g) scrutinise loan agreements to ensure compliance with loan covenants.

Schematic outline of a summary of reporting activities

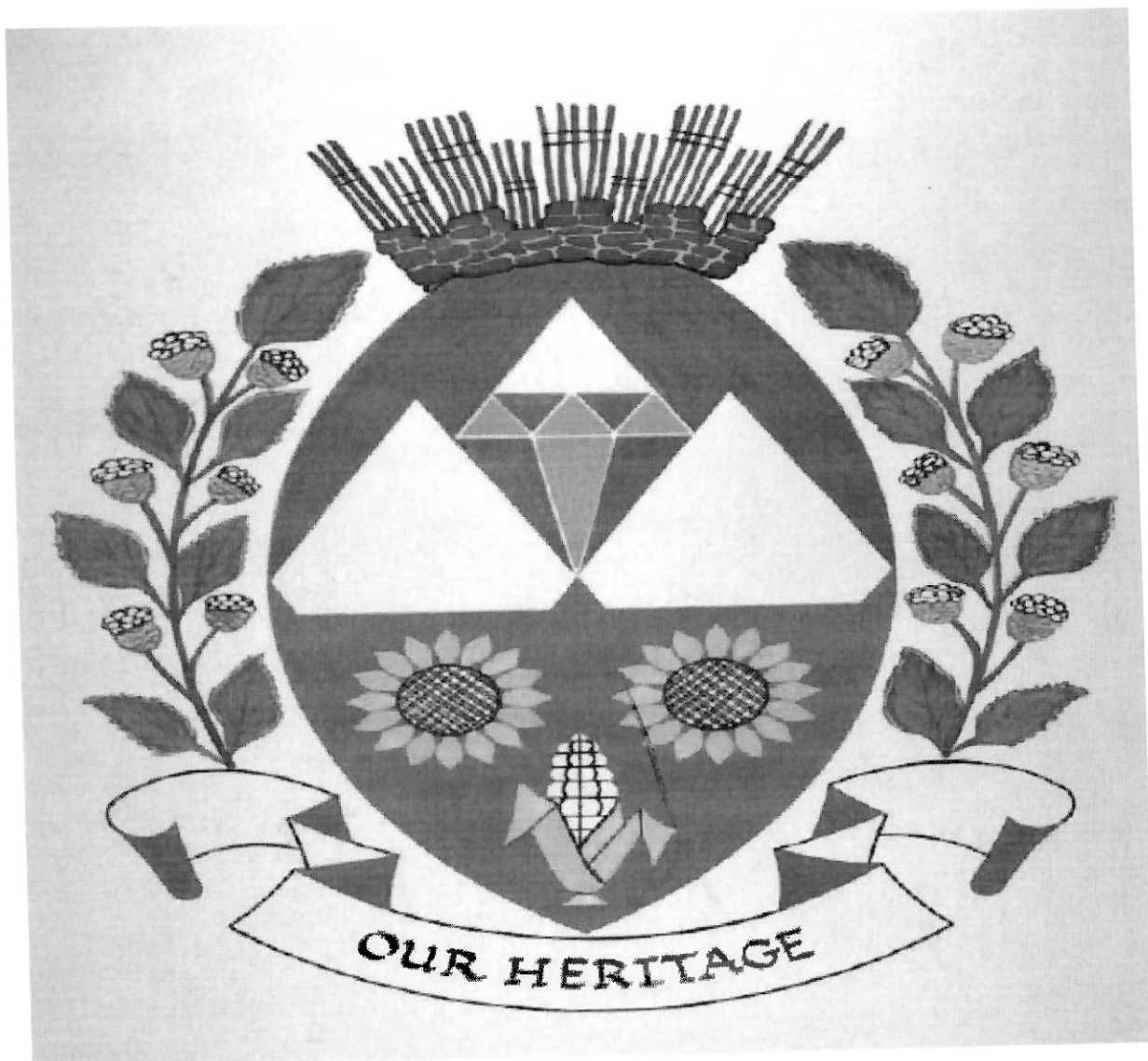
Monthly activities	Internal	Exco	Provincial Treasury	National Treasury	Reserve Bank
Reconciliation of bank accounts.	✓				
Payment requisition verification and authorisation.	✓				
South African Reserve Bank returns (Stock Loans).					✓
Comparison of actual payment to budget.	✓				
Update records for draws.	✓				
Maintain a schedule of payment dates	✓				

Completion of credit rating questionnaire.	✓				
Regular reviews by Internal Audit and Performance Management and Auditor General.	✓				



TARIFFS POLICY

MAQUASSI HILLS LOCAL MUNICIPALITY



TARIFF POLICY

Council Resolution Date: 30 JUNE 2020

Council Resolution No.: 11/2020

Signature: _____

PREAMBLE

- (1) **WHEREAS** in terms of the provisions of the Constitution of the Republic of South Africa, 1996 (hereinafter referred to as "the Constitution"), and section 75A(1) of the Local Government: Municipal Systems Act, Act 32 of 2000 (hereinafter referred to as "the Systems Act"), the Maquassi Hills Local Municipality (hereinafter referred to as "the Municipality"), is entitled to levy and recover fees, charges or tariffs in respect of any function or service of the Municipality;
- (2) **AND WHEREAS** in terms of the provisions of section 74(1) of the Systems Act, and the provisions of section 62(1)(f)(i) of the Local Government: Municipal Finance Management Act, Act 56 of 2003 (hereinafter referred to as "the MFMA"), the Municipality must adopt a tariff policy on the levying of fees, charges or tariffs on municipal services provided by the Municipality itself or by way of service delivery agreements;
- (3) **AND WHEREAS** this tariff policy reflects the principles referred to in terms of the provisions of section 74(2) of the Systems Act and addresses the matters referred to in terms of the provisions of section 74(3) of the same Act, as well as a schedule containing the municipal tariffs of the Municipality pertaining to the municipal services as set out in the tariff policy;
- (4) **AND WHEREAS** the municipal tariffs, as set out in the schedule of municipal tariffs annexed to this tariff policy, must undergo annual revision and must be tabled together with the Multi-Year Annual Tabled Budget to the Council of the Municipality for consideration and approval thereof, subject to public participation and comments obtained, annually before the 31st of March of each year in terms of the provisions of section 17(3)(a)(ii) read with the provisions of section 22 of the MFMA;



MHLM TARIFF POLICY

- (5) **AND WHEREAS** comments received from members of the public in terms of the public participation process in respect of the contents of the municipal tariffs have to be considered by the Municipality in terms of the provisions of section 23(1) of the MFMA, for the possible amendment thereof, annually in dealing with the annual financial budget before the 31st of May each year;
- (6) **AND WHEREAS** the adopted municipal tariffs apply to the Multi-Year Annual Budget in respect of a specific year during which the income is based on such adopted municipal tariffs, read with the general tariff principles contained in the tariff policy;
- (7) **AND WHEREAS** should any of the municipal tariffs or general principles contained in the schedule setting out the municipal tariffs or tariff policy be changed by a resolution of the Council of the Municipality, an Adjustment Budget must be prepared to reflect the consequent effect of such resolution;

NOW THEREFORE, the Municipality adopts this policy, that has been drafted in compliance with the provisions of section 74 of the Systems Act, and which must be read within the context of Chapter 4 of the MFMA, and in as far as required, supplemented and amplified by this chapter of the MFMA.



THE MAQUASSI HILLS

LOCAL MUNICIPALITY:

TARIFF POLICY

TABLE OF CONTENTS

CHAPTER 1

INTRODUCTORY PROVISIONS

ITEM NO.	ITEM	PAGE NO.
1.	DEFINITIONS	6
2.	ABBREVIATIONS	13
3.	AIM AND PURPOSE	14
4.	TITLE AND APPLICATION	14
5.	COMMENCEMENT AND VALIDITY	14
6.	RESPONSIBLE AUTHORITY	15

CHAPTER 2

GENERAL PRINCIPLES

7.	EMPOWERMENT TO LEVY AND RECOVER FEES, CHARGES OR TARIFFS	16
8.	TARIFF PRINCIPLES	16
9.	CATEGORIES OF CONSUMERS	17
10.	PROPORTIONING OF COSTS	18
11.	PRINCIPLES FOR LEVYING AVAILABILITY CHARGES	19
12.	CREDIT CONTROL AND INDIGENT SUPPORT	20

CHAPTER 3

TARIFF TYPES AND METHODS OF CALCULATION

13.	FEE, CHARGE OR TARIFF TYPE	22
14.	FACTORS TO BE CONSIDERED IN DETERMINATION OF A TARIFF	24
15.	CALCULATION OF TARIFFS FOR MINOR MUNICIPAL SERVICES	27
16.	SERVICE- AND EXPENDITURE CLASSIFICATION AND COSTS ELEMENTS	29

CHAPTER 4

STRUCTURES FOR CERTAIN MUNICIPAL SERVICES AND SUNDRY TARIFFS

17.	REQUISITES	33
18.	ELECTRICITY	33
19.	WATER	36
20.	REFUSE REMOVAL	38
21.	SEWERAGE	39
22.	PROPERTY RATES	40
23.	SUNDRY TARIFFS	41
24.	INDIGENT SUPPORT	42

CHAPTER 5

MISCELLANEOUS PROVISIONS

25.	THE CONTENTS OF THE TARIFF SCHEDULE	43
26.	PUBLIC PARTICIPATION IN RELATION TO TARIFFS	43
27.	REVISION AND PHASING IN OF FEES, CHARGES OR TARIFFS	47
28.	REBATES	48
29.	BY-LAWS	48
30.	IMPLEMENTATION AND REVIEW OF THIS POLICY	48
31.	AVAILABILITY OF POLICY AND BY-LAWS	48
32.	SHORT TITLE	49

CHAPTER 1

INTRODUCTORY PROVISIONS

1. DEFINITIONS

In this policy, except where the context otherwise indicates, or it is expressly stipulated otherwise, the following words and expressions shall have the respective meanings assigned to them hereunder, and words and expressions to which a meaning has been assigned in terms of the provisions of the Systems Act, the MFMA, the Credit Control & Debt Collection Policy and By-law, as well as the Indigent Policy of the Municipality, will have a corresponding meaning assigned thereto in terms of such policies or by-laws. All headings are included for convenience only and shall not be used in the interpretation of any of the provisions of this policy.

NO.	WORD/EXPRESSION	DEFINITION
"A"		
1.1	"Accounting Officer"	Means the Municipal Manager appointed in terms of the provisions of section 60 of the MFMA.
1.2	"annual budget"	Means the budget approved by the Council of the Municipality for any particular financial year, and shall include any adjustments to such a budget.
1.3	"annually"	Means once every financial year.
"B"		
1.4	"basic municipal service"	Means a municipal service necessary to ensure an acceptable and reasonable quality of life, which service, if not provided, would endanger public health or safety or the environment.
1.5	"bulk electricity customer"	Means a bulk customer whose electricity demand exceeds or is likely to exceed 55 kVA per month for an uninterrupted

MHLM TARIFF POLICY

		period of twelve months.
1.6	"bulk consumer"	Means a customer of electricity, water, sewerage or refuse removal services for commercial or industrial purposes.
"C"		
1.7	"Chief Financial Officer"	Means a person designated in terms of the provisions of section 80(2)(a) of the MFMA.
1.8	"Constitution"	Means the Constitution of the Republic of South Africa, Act 108 of 1996.
1.9	"consumer"	Means a person or entity consuming or receiving municipal services, and may include a customer or a tenant of a customer irrespective of whether such a person has concluded a service agreement with the Municipality, and may also include a person who illegally and unlawfully connected to the municipal services infrastructure or who illegally and unlawfully gained access to or usage of the municipal services.
1.10	"Consumer Price Index excluding mortgage bonds" or "CPIX"	Means the CPIX as determined and gazetted from time to time by the South African Bureau of Statistics.
1.11	"cost to be recovered"	Means the cost reasonably associated with the rendering of a municipal service, including that the cost of purchasing or acquisition, the cost of processing, treatment or adoption of the product or service to be delivered or supplied, capital cost, operating cost, maintenance cost, replacement cost, administrative cost and support systems costs and interest and may include a determined over-recovery per unit consumed.
1.12	"Council"	Means the Municipal Council of the Municipality as referred to and constituted in terms of the provisions of section 157 of the Constitution.
1.13	"Credit Control & Debt Collection Policy"	Means the Credit Control and Debt Collection Policy and By-laws as adopted by the Council of the Municipality.

MHLM TARIFF POLICY

	and By-laws"	
1.14	"customer"	<p>Means the owner of the premises or in exceptional circumstances a tenant, and includes a person or entity liable to the Municipality for the payment of tariffs, levies, fees and municipal consumption charges in terms of a service agreement concluded with the Municipality, and may include a person who applied to the Municipality for indigent support in terms of the Indigent Policy, and who is not the owner of the premises, but who is:</p> <p>(a) the child in control of a child-headed household where the residential property is registered in the name of the deceased parent or deceased parents of that child; or</p> <p>(b) the party to whom the residential property is awarded in the event of a divorce; or</p> <p>(c) where a deceased estate has not been wound up:</p> <p>(i) in the case of a deceased estate, in whose name the residential property is registered, any heir to whom the registered property has been bequeathed; or</p> <p>(ii) a surviving spouse, where the surviving spouse was married in community of property to the deceased, and where the residential property is registered in both spouses' names, and the surviving spouse is the sole heir; or</p> <p>(iii) a surviving spouse, who was married in community of property to the deceased, together with any other heirs, if any, where the residential property is registered in the name of that deceased; or</p> <p>(iv) in the case where a portion of a residential property is registered in the name of a deceased estate, the surviving registered owners together with the heirs to the deceased estate;</p> <p>and who simultaneously with the application for indigent</p>

MHLM TARIFF POLICY

		support in terms of the Indigent Policy, applied for the provision of municipal services in terms of the Credit Control & Debt Collection Policy and By-Law of the Municipality to be granted an account and to conclude a service agreement with the Municipality, and whose application has been approved by the Municipality, and as such has concluded a service agreement with the Municipality.
"F"		
1.15	"financial year"	Means the period starting from 1 July in any year and ending on 30 June of the following year.
1.16	"fixed costs"	Means costs that do not vary with consumption or volume produced.
1.17	"flat rates"	Means the unit tariffs that are calculated by dividing the total cost by volume needed.
"I"		
1.18	"indigent household"	Means a household headed by a Registered Indigent as defined and referred to in the Indigent Policy of the Municipality.
1.19	"Indigent Policy"	Means the Indigent Policy, adopted by the Council of the Municipality.
1.20	"indigent support"	Means the financial and other support, discounts, subsidies and assistance which the Municipality renders to Registered Indigents and households headed by Registered Indigents.
"M"		
1.21	"Mayor"	Means, in terms of the provisions of section 1 of the MFMA, in relation to a municipality with a mayor, the councillor elected as mayor of the municipality in terms of section 55 of the Structures Act.
1.22	"major services"	Represent the four municipal services (water, electricity, refuse removal and sewerage), instituted by the Municipality to fulfil the basic municipal services allocated to the Municipality in terms of the provisions of Section 84

MHLM TARIFF POLICY

		of the Structures Act, and are those services on which monthly service charges are levied per consumer's account.
1.23	"minor services"	Means those municipal services for which the Municipality annually approve tariffs and shall, when deemed appropriate by the Municipality, be subsidised by property rates and general revenues, particularly when tariffs will prove uneconomical when charged to cover the cost of the municipal service concerned, or when the tariff is designed purely to regulate rather than finance the use of the particular municipal service or amenity.
1.24	"Municipal Finance Management Act" or "MFMA"	Means the Local Government: Municipal Finance Management Act, Act 56 of 2003 and the regulations promulgated in terms of this act.
1.25	"Municipality"	Means the MAQUASSI HILLS LOCAL MUNICIPALITY a local government and legal entity with full legal capacity as contemplated in section 2 of the Systems Act read with the provisions of Chapter 7 of the Constitution and sections 12 and 14 of the Structures Act, with its main place of business and the offices of the Municipal Manager, as envisaged in terms of the provisions of section 115(3) of the Systems Act, at: 19 Kruger Street, Wolmaransstad, and may, depending on the context, include: <ul style="list-style-type: none"> (a) its successor in title; or (b) a functionary, employee or official exercising a delegated power or carrying out an instruction, in the event of any power being delegated as contemplated in terms of the provisions of section 59 of the Systems Act, or exercising any lawful act in the furtherance of the Municipality's duties, functions and powers; or (c) an authorised service provider fulfilling a responsibility assigned to it by the Municipality through a service delivery agreement.
1.26	"Municipal Property Rates Act" or "MPRA"	Means the Local Government: Property Rates Act, Act 6 of 2006 and promulgated Regulations in line with the Act.

MHLM TARIFF POLICY

1.27	“municipal service” or “services”	Means a service that a municipality in terms of its powers and functions provides or may provide to or for the benefit of the local community irrespective of whether – (a) such service is provided or to be provided by the Municipality through an internal mechanism contemplated in section 76 of the Systems Act or by engaging an external mechanism contemplated in section 76 of the Systems Act; and (b) fees, charges or tariffs are levied in respect of such service or not.
1.28	“municipal tariff” / “tariff”	Means a fee, charge or tariff for services which the Municipality may set for the provision of a municipal service to the local community, and includes a surcharge on such fee, charge or tariff.
“N”		
1.29	“non trading services”	Services for which tariffs are not necessarily expected to cover the full cost of service provision. Any losses on the provision of these services are financed out of the income generated from trading services and assessment rates.
“P”		
1.30	“prepayment meter”	Means a meter whereby payment for municipal services is first made elsewhere and credit is transferred to such meters by means of a token or coded number or credit card and such meter is programmed and dispenses municipal services as it is consumed by the consumer at a predetermined rate and/or charge.
“R”		
1.31	“rates”	Means a municipal rate on property levied in terms of the provisions of section 229(1)(a) of the Constitution and section 2(1) of the MPRA.
1.32	“Registered Indigent”	Means a person, qualifying to be registered as an indigent in terms of the Indigent Policy of the Municipality, who has

MHLM TARIFF POLICY

		applied to the Municipality in terms of the Indigent Policy to be registered as a Registered Indigent, whose application was approved by the Municipality, and who is indicated as a Registered Indigent in the Indigent Register.
"S"		
1.33	"Structures Act"	Means the Local Government: Municipal Structures Act, Act 117 of 1998 and promulgated regulations in line with the Act.
1.34	"subsidised services"	Means municipal services in respect of which the tariffs do not cover the costs of provision and in respect of which such costs are subsidised by property rates and the general revenue of the Municipality.
1.35	"Systems Act"	Means the Local Government Municipal Systems Act, Act 32 of 2000, as amended, by Act 44 of 2003 and any promulgated Regulations in line with the Act.
"O"		
1.36	"off-peak supply"	Means an electricity supply on written request to a bulk customer which is supplied at times other than those of peak demand.
"T"		
1.37	"tariff policy" or "this policy"	Means the Tariff Policy of the Municipality adopted in terms of the provisions of section 74(1) of the Systems Act.
1.38	"Tariff Schedule"	Means a schedule containing details pertaining to levels and application of the various tariffs as approved by the Council of the Municipality from time to time.
1.39	"temporary customer"	Means a customer of electricity, water, sewerage or refuse removal services for a temporary period for specific project or occasion.
1.40	"total cost"	Is the sum of all fixed and variable costs.
1.41	"trading services"	Services which can, in principle, run as separate businesses, because tariffs can in theory be set in such a way as to yield a trading surplus. A key feature of trading

MHLM TARIFF POLICY

		services is that they can be provided by private enterprises. Consumers receive a direct <i>quid pro quo</i> for tariffs paid. Water, sanitation, electricity and refuse removal are the most important trading services.
1.42	"two-part tariffs"	Are tariffs that are raised to cover the fixed and variable costs separately. The fixed costs are recovered by dividing the total fixed costs by the number of consumers per category and the variable costs are recovered by dividing the total variable costs by the volume consumed.
"U"		
1.43	"units consumed"	Means the number of units consumed of a particular service and is measured in terms of the units of measurement reflected in this policy.
"V"		
1.44	"variable costs"	Are costs that vary with consumption at volume produced.

2. ABBREVIATIONS

In this policy the following abbreviations will be used to signify the meaning or entity as indicated:

c/kWh	Cent per Kilowatt hour
CPIX	Consumer Price Index Excluding Interest Rates on Mortgage Bonds
IBT	Incline Block Tariff
Kl	Kilolitre (1 000 litres)
kVA	Kilovolt ampere
kWh	Kilowatt hour
MFMA	Local Government: Municipal Finance Management Act, Act 56 of 2003
MPRA	Local Government: Municipal Property Rates Act, Act 6 of 2006
NERSA	National Electricity Regulator of South Africa
R/kWh	Rand per Kilowatt hour

3. AIM AND PURPOSE

The aim and purpose of this policy is:

- (a) to comply with the provisions of section 74 of the Systems Act and to guide and assist the Municipality to determine and levy tariffs for municipal services provided by the Municipality; and
- (b) to prescribe guidelines and procedures for calculating tariffs and the manner in which the municipality should ensure public participation regarding same, and publish the tariffs once it has been adopted by the Council.

4. TITLE AND APPLICATION

- (1) This policy is known as the Tariff Policy of the Municipality, and is applicable to the municipal area of the Municipality.
- (2) This policy revokes all previous policies, decisions and/or *ad hoc* clauses within any other policy, regarding the subject matter of this policy.
- (3) This policy further applies to all fees, charges or tariffs in respect of any municipal services provided by the Municipality.

5. COMMENCEMENT AND VALIDITY

This policy shall come into force and effect upon the acceptance hereof by the Council of the Municipality by resolution, as contemplated in terms of the provisions of section 24(2)(c)(v) of the MFMA.



6. RESPONSIBLE AUTHORITY

The responsible authority for the adoption, publication and implementation of this policy is the Municipality, and when applicable the Council of the Municipality.



CHAPTER 2

GENERAL PRINCIPLES

7. EMPOWERMENT TO LEVY AND RECOVER FEES, CHARGES OR TARIFFS

- (1) The Municipality is empowered in terms of section 75A(1) of the Systems Act to:
- (a) levy and recover fees, charges or tariffs in respect of any function or service of the Municipality; and
 - (b) recover collection charges and interest on any outstanding amount.

8. TARIFF PRINCIPLES

The Municipality shall apply the following tariff principles as set out in section 74(2) of the Systems Act, to the levying of fees, charges or tariffs for municipal services:

- (a) all consumers of municipal services shall be treated equitably in the determination, calculation and application of tariffs;
- (b) the amount individual consumers pay for municipal services will generally be in proportion to their use/consumption of municipal services or based on the availability of the municipal services;
- (c) indigent households shall have access to at least basic municipal services through:
 - (i) tariffs that cover only operating and maintenance costs;
 - (ii) special tariffs or life line tariffs for low levels of use or consumption of municipal services or for basic levels of municipal services; or
 - (iii) any other direct or indirect method of subsidisation of tariffs for indigent households;

MHLM TARIFF POLICY

- (d) tariffs will reflect the costs reasonably associated with rendering the municipal service, including the costs to be recovered;
- (e) tariffs will be set at levels that facilitate the financial sustainability of the municipal service, taking into account subsidisation from sources other than the municipal services concerned;
- (f) provision can be made in appropriate circumstances for a surcharge on the tariff for municipal services;
- (g) provision can be made for the promotion of local economic development through special tariffs for categories of commercial and industrial consumer;
- (h) the economical, efficient and effective use of resources, the recycling of waste, and other appropriate environmental objectives will be encouraged;
- (i) the extent of subsidisation of tariffs for indigent households and other categories of consumers will be fully disclosed.

9. CATEGORIES OF CONSUMERS

- (1) The Municipality shall differentiate between different categories of consumers, as provided in section 74(3) of the Systems Act, as long as the differentiation does not amount to unfair discrimination. Such differentiation shall at all times be reasonable and is as follows:
- (a) Residential/Domestic;
 - (b) Business/Commercial;
 - (c) Industrial/Mining/Bulk Customers;
 - (d) Agricultural;
 - (e) Institutional;
 - (f) Rural;
 - (g) Municipal;

MHLM TARIFF POLICY

- (h) State owned or organ of state owned properties;
 - (i) Education; and
 - (j) Special Category for specific consumers as may be determined by the Municipality from time to time.
- (2) A continuous effort should be made to group together those consumers who have more or less the same access to a specific municipal service.

10. PROPORTIONING OF COSTS

- (1) The Municipality must endeavour to render its municipal services cost effectively in order to ensure the best possible cost of municipal service delivery. The Municipality must further ensure that its fees, charges or tariffs shall be easily explainable and understood by all consumers affected by this policy.
- (2) In the case of conventional metering systems for electricity and water, the Municipality shall properly meter the consumption as provided for in the Credit Control & Debt Collection Policy of the Municipality. The consumption charges levied on consumers shall be proportionate to the quantity of the municipal services which the consumer consumes, and subject to the provisions of the Credit Control & Debt Collection Policy of the Municipality. In addition, the Municipality shall be entitled to levy a monthly fixed charge for the municipal services concerned.
- (3) In case of vacant stands, where the municipal services are available but not connected, the Municipality shall levy a monthly availability charge which is levied because of fixed costs such as the capital and maintenance costs and insurance on infrastructure available for connection to the Municipal services.



- (4) The Municipality's tariffs for electricity service will be determined to ensure that those consumers who are mainly responsible for peak demand, and therefore for the incurring by the Municipality of the associated peak demand charges from Eskom, will have to bear the costs associated with these peak demand charges. The Municipality shall be entitled to install demand meters to measure the maximum demand such consumers place on the electrical infrastructure grid during certain periods. These consumers shall therefore pay the relevant demand charge, as well as consumption charge directly related to their actual consumption of electricity during the relevant metering period.

11. PRINCIPLES FOR LEVYING AVAILABILITY CHARGES

- (1) The Municipality is entitled to levy certain fixed tariffs for the mere fact that the provision of municipal services are available to a property, premises or consumer. This tariff is unrelated to the use of the municipal service or the quantity of such service consumed, and is solely based on the availability of the municipal services.
- (2) In establishing the tariff for the availability of the municipal services the Municipality shall consider the costs associated with the provision, future provision, maintenance and future maintenance, as well as any other relevant factors impacting on and affecting the cost to the Municipality for the availing and rendering of the municipal services to property, premises or consumers. In considering the costing of its four major municipal services (water, electricity, sewerage services and refuse removal), the Municipality shall take due cognisance of the high capital cost of establishing and expanding such municipal services, and the resultant high fixed costs, as opposed to variable costs of operating these municipal services.

MHLM TARIFF POLICY

- (3) The Municipality must plan the management, maintenance and expansion of the municipal services carefully in order to ensure that both current and reasonably expected future demands are adequately catered for, and that demand levels which fluctuate significantly over shorter periods are also met. This may mean that municipal services operate at less than full capacity at various periods, and the cost of such surplus capacity must also be covered in the tariffs which are annually established to be levied monthly.
- (4) Owners of vacant stands will have to bear and contribute to these costs and are subject to such levy.

12. CREDIT CONTROL AND INDIGENT SUPPORT

- (1) It is not possible to successfully compile the tariff structure without consideration of the provisions of the Credit Control & Debit Collection Policy of the Municipality and in the setting of tariffs the Municipality will take the provisions of the Credit Control & Debit Collection Policy of the Municipality into account.
- (2) Income is provided for in the budget of the Municipality as if a 100% payment level will be maintained. It is therefore important to continuously ensure that consumers pay promptly for municipal services. Non payment has a direct effect in that provision for bad debt, in accordance with the current payment levels, must be provided for as expenditure in the budget. Adequate provision should be made on an annual basis for bad debt.
- (3) However, it is a fact that there are consumers who are unable to pay for municipal services. The Municipality must therefore provide access to a minimum level of basic municipal services for all consumers in terms of this policy, which policy must be supplemented and amplified by the Indigent Policy of the Municipality. This will ensure the sustainable delivery of basic

MHLM TARIFF POLICY

municipal services to consumers who are Registered Indigents and who cannot pay for such basic municipal services.

- (4) Free basic municipal services refer to those municipal services necessary to ensure an acceptable and reasonable quality of life and which municipal service, if not provided, could endanger public health or safety to the environment. It is one of the objects of the Municipality in terms of the provisions of the Constitution to provide same.
- (5) The indigent support granted to Registered Indigents by the Municipality in terms of the Indigent Policy of the Municipality, must be based on budgetary allocations for a particular financial year and the tariffs determined for each financial year.
- (6) Indigent support by the Municipality is restricted to qualifying indigent households with a combined income amount determined by the Municipality at the beginning of every financial year, available on application to Registered Indigents, and to be applicable for the duration of that particular financial year.
- (7) The Municipality recognises the following categories of service charges to which indigent support may be applied:
 - (a) Electricity;
 - (b) Water;
 - (c) Refuse removal;
 - (d) Sewerage;
 - (e) Property rates; and
 - (f) Pauper burials.

CHAPTER 3

TARIFF TYPES AND METHODS OF CALCULATION

13. FEE, CHARGE OR TARIFF TYPE

- (1) In setting the fees, charges or tariffs for municipal services, the Council of the Municipality must:
- (a) accurately reflect costs to achieve economic efficiency;
 - (b) ensure equity and fairness between different types and categories of consumers;
 - (c) utilise appropriate metering and supporting technology; and
 - (d) be transparent.
- (2) In determining the type of fee, charge or tariff applicable to the municipal service, the Council may make use of the following options, or a combination thereof:
- (a) Single tariff :
This tariff shall consist of a fixed cost per unit consumed. All costs will therefore be recovered through unit charges at the level of breakeven consumption. Surpluses on trading services may be allowed subject to the approval of the Council.
 - (b) Two part tariff :
This tariff shall consist of two parts being the fixed cost per unit consumed and a monthly availability charge.
 - (c) Three part tariff :
This tariff shall consist of three parts being the fixed cost per unit consumed, a monthly availability charge as well as a capacity charge which relates to the capacity (breaker-capacity in the event of electricity) being avail to the consumer.

MHLM TARIFF POLICY

(d) Four part tariff :

This tariff shall consist of four parts being the fixed cost per unit consumed, a monthly availability charge, an access charge which relates to a fixed tariff levied for the capacity utilised or reserved and a demand charge which relates to the time when, and the extent of the demand for the municipal service is made.

(e) Inclining block tariff :

This tariff is based on consumption levels being categorised into blocks, the tariff being determined and increased as consumption levels increase. The first step in the tariffs will be calculated at break-even point. Subsequent steps will be calculated to yield profits and to discourage excessive use of the municipal services.

(f) Declining block tariff :

This tariff is the opposite of the inclining block tariff and decreases as consumption levels increase.

(g) Availability charges :

This tariff is payable based on the availability of the municipal services and irrespective of whether the municipal services are connected to a property, consumed or used. Once the Municipality provides a connection or the municipal services are consumed or used, the normal tariffs for the consumption will apply with the availability charge.

(h) Outside Municipal Area :

This tariff shall apply to consumers who do not reside within the municipal area of jurisdiction of the Municipality but are making use, on application to the Municipality, of certain municipal services.

(i) Special Tariffs :

This tariff shall be determined and approved by Council on application for specific developments and/or informal settlements

which may motivate or necessitate a special tariff, not provided for in the tariffs referred to above.

14. FACTORS TO BE CONSIDERED IN DETERMINATION OF A TARIFF

In determining a tariff the Municipality shall consider the following factors:

(1) Financial factors:

- (a) The primary purpose of a tariff is to recover the costs to be recovered of a particular municipal service and to endeavour to avoid in as far as possible the cross subsidising of the municipal service.
- (b) In order to determine the fees, charges or tariffs that must be charged for the supply of the four major municipal services (water, electricity, refuse removal and sewerage), the Municipality shall identify all the costs involved in the supply of the municipal service concerned (as costs to be recovered), including, the:
 - (i) cost of bulk purchases in the case of water and electricity;
 - (ii) distribution costs, including distribution losses in the case of water and electricity;
 - (iii) depreciation and finance charges;
 - (iv) maintenance of infrastructure and other fixed assets;
 - (v) cost of approved indigent support measures and cross subsidising of low consumption;
 - (vi) administration and municipal service costs, including:
 - (aa) service charges levied by other departments delivering support services;
 - (bb) general overheads;



MHLM TARIFF POLICY

- (cc) contributions to the provisions for bad debts and obsolescence of stock; and
- (dd) all other ordinary operating expenses associated with the municipal service concerned, including, in the case of the electricity service, the cost of providing street lighting in the municipal area of the Municipality;
- (vii) intended surplus to be generated for the financial year, such surplus to be applied:
 - (aa) as an appropriation to capital reserves; and/or
 - (bb) generally in relief of rates.

(2) Socio-economic factors:

- (a) The determination of tariffs ought to be based on sound, transparent and objective principles at all times. In order to fully understand the influence of the socio-economics factors the various consumer categories and forms of subsidisation need to be considered. Tariffs should also support local economic development initiatives aimed at maintaining and creating jobs or contribute to the economy of the municipal area.
- (b) In addition to the different categories of consumers as set out above, the Municipality must also take care when determining tariffs to differentiate between the following categories of consumers:
 - (i) consumers who are incapable of making any contribution towards the consumption of municipal services and who require to be fully subsidised;
 - (ii) consumers who are able to afford a partial contribution and who require to be partially subsidised only; and
 - (iii) consumers who can afford the cost of the municipal services in total.

MHLM TARIFF POLICY

- (c) In determining tariffs the Municipality must take into account the fact that the provision of municipal services must be subsidised in certain instances and that subsidies are mainly derived from the following two sources:

(i) Contributions from National Government :

National Government makes an annual contribution, according to a formula, which is primarily based on information obtained from Statistics South Africa by means of census surveys. If this contribution is judiciously utilised it may subsidise all indigent households who qualify in terms of the Indigent Policy of the Municipality.

(ii) Contributions from own funds :

The Council can, if the contribution of National Government is insufficient, provide in its own operational budget for such support. Such action will in all probability result in increased tariffs for the other categories of consumers. Any such subsidy must be made known publicly by means of the prescribed process for the adoption of the budget of the Municipality.

- (d) To make provision for subsidisation, the Municipality will annually determine as part of the budget process:

- (i) free basic municipal services (within limits and guidelines) as determined by the Municipality from time to time;
- (ii) discounted tariffs for consumers who qualify in terms of particular guidelines, for example to recover the actual operational costs of the service only; and
- (iii) full tariff payable with a subsidy that is transferable from sources as mentioned above.

- (3) Minimum service levels:



MHLM TARIFF POLICY

Minimum levels for the provision of municipal services shall be determined in order to ensure affordable tariffs.

(4) Levying of rates and the levying of fees, charges or tariffs:

The levying of rates and the levying of fees, charges or tariffs for municipal services should not be viewed separately, but jointly in order to determine the most affordable tariff that the consumers can pay in total. The basic costs of municipal services must first of all be recovered and then only can surpluses be introduced to determine the most affordable tariff for the consumer with due allowance for any contingencies regarding a particular municipal service.

15. CALCULATION OF TARIFFS FOR MINOR MUNICIPAL SERVICES

- (1) The Municipality shall standardise fees, charges or tariffs for all minor municipal services within its area of jurisdiction.
- (2) All tariffs for minor services shall be approved by the Council of the Municipality in each annual budget, and shall, when deemed appropriate by the Council, be subsidised by property rates and general revenues, particularly when the tariffs will prove uneconomical when charged to cover the cost of the municipal service concerned or when the cost cannot accurately be determined, or when the tariff is designed purely to regulate rather than finance the use of the particular municipal service or amenity.
- (3) All tariffs for minor services over which the Municipality has full control shall annually be adjusted, at least in line with the prevailing CPIX unless there are compelling reasons why such adjustments should not be effected.

MHLM TARIFF POLICY

(4) The under mentioned tariffs for minor services shall be determined by the Municipality by using one of the following methods:

- actual cost, plus a surcharge;
- subsidising from the income of other municipal services;
- servicing as penalty/discouraging measure.

(a) Minor municipal services tariffs :

- (i) cemetery fees;
- (ii) housing rental;
- (iii) library fees, being:
 - membership fees;
 - fines;
 - lost books;
 - lost membership cards;
- (iv) rental for utilising municipal property and municipal sports grounds;
- (v) lease of municipal property;
- (vi) building plan fees;
- (vii) advertisement sign fees;
- (viii) plastic bag sales;
- (ix) refuse bin sale;
- (x) cleaning of overgrown stands;
- (xi) connection fees for major municipal services;
- (xii) photocopies and faxes;
- (xiii) clearance certificate memoranda;
- (xiv) pound fees;
- (xv) cleansing of sewerage blockages;
- (xvi) electricity or water disconnection and reconnection fees;

- (xvii) the provision of information or copies of records from the Municipality's records

16. SERVICE- AND EXPENDITURE CLASSIFICATION AND COSTS ELEMENTS

(1) Municipal service classification

The Chief Financial Officer of the Municipality shall, subject to the guidelines of National Treasury and the Council, make provision for the following classification of municipal services.

(a) Trading Services or Economic Services :

Typically the consumption of trading services or economic services is measurable and can be apportioned to an individual consumer or user. These services are managed in a business-like manner. The tariffs for these services are determined in such a way that a netted trading surplus (profit) is realised. This surplus (profit) is used to subsidise the tariffs of the non-trading services referred to below.

The following municipal services are trading services:

- (i) electricity provision;
- (ii) water provision;
- (iii) sewerage;
- (iv) refuse removal.

(b) Non-Trading Services or Community Services :

Non-trading services or community services are those municipal services the consumption of which cannot be determined, or accurately be determined, nor apportioned, or accurately be proportioned to individual consumers, or even if the consumption or use can be determined and apportioned to a consumer or user, the cost therefore will be so high that same will not be recoverable from the consumer or user, and thus needs to be subsidised. The tariff is

MHLM TARIFF POLICY

determined based on the availing of the municipal service rather than the use of the particular municipal service, however, a charge may be payable for using the municipal service, but the tariff is much lower than the real cost of providing the municipal service. The following municipal services are non-trading or community services:

- (i) aerodrome;
- (ii) building control;
- (iii) management and maintenance of cemeteries;
- (iv) child care facilities;
- (v) control of public nuisances;
- (vi) cemeteries;
- (vii) fire fighting and emergency assistance;
- (viii) fixed billboards and display of advertisements in public places;
- (ix) health and clinics;
- (x) libraries and museums;
- (xi) licensing and control of undertakings that sell food to the public;
- (xii) licensing of dogs;
- (xiii) local amenities;
- (xiv) local sport facilities;
- (xv) local tourism;
- (xvi) operating and management of municipal parks and recreation;
- (xvii) municipal planning;
- (xviii) municipal public works, only in respect of the needs of municipalities in the discharge of their responsibilities and to

MHLM TARIFF POLICY

administer functions specially assigned to them under the Constitution, or any other law;

- (xix) municipal roads;
- (xx) pounds;
- (xxi) public places;
- (xxii) proclaimed roads;
- (xxiii) storm water management system in built-up areas;
- (xxiv) street lighting;
- (xxv) street trading;
- (xxvi) trading regulations;
- (xxvii) traffic.

(2) Expenditure classification

(a) The classification of expenditures into various expenditure groups by the Municipality is as follows:

- (i) Salaries, wages and allowances;
- (ii) Bulk purchases;
- (iii) General expenditure;
- (iv) Collection cost;
- (v) Contracted services;
- (vi) Grants and subsidies paid;
- (vii) Repairs and maintenance;
- (viii) Depreciation on assets and interest expense;
- (ix) Contribution to fixed assets;
- (x) Contribution to provision for bad debts;
- (xi) Contribution to reserves.

(b) Gross expenditure = total (i) to (xi) above;

MHLM TARIFF POLICY

- (c) Net expenditure = gross less internal charges;
- (d) Surplus/deficit = income less net expenditure.

(3) Cost elements

The Municipality will use the cost elements, as set out regarding each of the specific municipal services below, to calculate the tariffs of the different municipal services. The predominant cost elements being:

(a) Fixed costs :

Fixed costs that consist of the capital cost (depreciation on assets and interest on external loans), and any other costs of a permanent nature as determined by the Municipality from time to time.

(b) Variable costs :

Variable costs include all other expenditure that has reference to the municipal services.

(c) Total cost :

Total cost is equal to the fixed costs plus variable cost.

CHAPTER 4

STRUCTURES FOR CERTAIN MUNICIPAL SERVICES AND SUNDRY TARIFFS

17. REQUISITES

When determining a tariff, the Municipality must strive to reach a compromise between the following requisites:

- (a) the requisite to reflect costs as accurately as possible in order to achieve cost effectiveness and an appropriate recovery from consumers;
- (b) the requisite to ensure equality and fairness between categories of consumers;
- (c) the requisite for a practically implementable tariff;
- (d) the requisite to use appropriate metering and provisioning technology;
- (e) the requisite for an understandable tariff; and
- (f) the requisite that the tariff must be affordable.

18. ELECTRICITY

- (1) General principles regarding the calculation of the tariff for electricity:
 - (a) The guidelines and policies issued by NERSA, from time to time, will form the basis of calculating the Municipality's tariffs for electricity.
 - (b) All tariff structures and tariffs must be approved by NERSA prior to application, determination and ultimate approval thereof by the Municipality and Council, as the case may be.

MHLM TARIFF POLICY

- (c) The various categories of consumers shall be charged at the applicable tariffs, as set out in the Tariff Schedule and as approved by the Council of the Municipality in each annual budget.
- (d) To calculate the tariff for electricity, the actual cost incurred in the supply of electricity to a consumer, has to be taken into consideration. The principle of an availability charge, as well as per unit tariff for electricity is determined by the cost elements. These cost elements consists of the following components, the application of which is always subject to the guidelines and policies of NERSA:
 - (i) Fixed costs :

It represents that portion of expenses that must be incurred irrespective of the fact whether or not any electricity has been sold. These costs must be recovered whether any electricity is consumed or not. These costs are therefore recovered by means of a fixed levy per period (normally as a monthly availability charge) in order to ensure that these fixed costs are covered.
 - (ii) Variable costs :

It relates to the physical provision of electricity according to consumption/demand and must be financed by means of a unit tariff which is payable per kWh/KVA electricity consumed.
 - (iii) Surplus :

The tariffs for these municipal services (normally Trading Services or Economical Services as referred to above) are determined in such a way that a netted trading surplus is realised.
- (e) The following types of tariffs are applied and used in determining electricity tariffs, subject to the guidelines and policies of NERSA:
 - (i) Inclining block tariff (IBT) structure, as referred to above in Chapter 3 where a consumer's consumption is divided into



MHLM TARIFF POLICY

blocks and each subsequent block has a higher energy rate (c/kWh).

- (ii) Single tariff energy (all costs expressed in a single c/kWh charge).
- (iii) Three part tariff for Residential and Business consumers (consisting of an availability charge, a capacity charge and a variable charge related to metred kWh consumption):
 - (aa) Variable charge i.e. energy rate (c/kWh) consumed;
 - (bb) Monthly availability charge (R/month);
 - (cc) Capacity (ampere/breaker) charge (R/month).
- (iv) Four part tariff for Industrial/Bulk consumers (consisting of a monthly availability charge, access charge, demand charge and a variable charge related to meter kWh consumption):
 - (aa) variable charge i.e. energy rate (c/kWh) consumed;
 - (bb) monthly availability charge (R/month);
 - (cc) access charge (R/kVA);
 - (dd) demand charge (R/kVA).
- (v) Special tariff arrangements determined and approved by Council from time to time for specific developments and/or consumers and/or informal settlements.
- (f) An availability charge will be charged to consumers and/or properties not connected to the electricity network, should it be available. This charge aims to recoup capital and maintenance costs of networks, as well as certain fixed administrative costs in respect of such properties. If the consumer connects and improve the property the debit will be adjusted pro-rata from the date of the connection and whether it is utilised or not.



MHLM TARIFF POLICY

- (2) The amount of the tariffs so calculated will be set out and published in the Tariff Schedule, and shall be approved by the Council at the time of the approval of the annual budget of the Municipality.

19. WATER

- (1) General principles regarding the calculation of the tariff for water:
- (a) The Municipality shall align its fees, charges or tariffs with the prescribed norms and standards for tariffs to be regulated, from time to time, by the Minister of Water Affairs and Forestry and in terms of the provisions of section 10 of the Water Service Act, Act 108 of 1997.
 - (b) Tariffs for water shall be charged at the applicable tariff for various categories of consumers as set out in the Tariff Schedule and approved by the Council during the process of the adoption of the annual budget.
 - (c) Because water is a scarce national resource, the Municipality is committed to the prudent conservation of this resource. Tariff structures should therefore be aimed at the reduction of consumption of water, and to discourage excessive and wasteful usage.
 - (d) In principle, the amount that consumers pay for water services should be in proportion to their consumption of water services. Tariffs must be set at levels that facilitate the sustainability of the service.
 - (e) To calculate the tariff for water, the actual cost incurred in the supply of water to the consumer, has to be taken into consideration. The principle of an availability charge as well as a kilolitre tariff for water is determined by the basic cost structure.
 - (f) Similar to electricity, this cost elements for water consists of the following components:
 - (i) Fixed costs :

MHLM TARIFF POLICY

Representing that portion of expenses that must be incurred irrespective of the fact whether or not any water has been sold. These costs must be recovered whether any water is used or not.

(ii) Variable costs :

This component relates to the physical provision of water according to demand and must be financed by means of a unit tariff which is payable per kilolitre water consumed.

(iii) Profit taking :

The tariffs for these services are determined in such a way that a netted trading surplus is realised.

(g) The following tariff structures shall be applied and used for the determination of tariffs for water:

- (i) Block tariff per unit consumed for consumers with pre-paid and conventional meters.
- (ii) A fixed tariff per month for consumers with no meters, but who are connected to the water reticulation network.
- (iii) An availability charge will be charged to consumers or properties not connected to the water network, should it be available. This charge aims to recoup capital and maintenance costs of networks, as well as certain fixed administrative costs in respect of such properties. If the consumer connects and improves the property the debit will be adjusted pro-rata from the date of the connection.
- (iv) Special tariff arrangements determined and approved by Council from time to time for specific developments and/or consumers and/or informal settlements.

- (h) To calculate the tariff for water the Municipality must also take into account the minimum standard for basic water supply services, as prescribed in terms of regulation 3 of the Regulations Relating to Compulsory National Standards and Measures to Conserve Water,



MHLM TARIFF POLICY

Published under Government Notice R509 in Government Gazette No 22355 of 8 June 2001 and promulgated in terms of the Water Service Act, Act 108 of 1997, which are as follows:

- (i) the provision of appropriate education in respect of effective water use; and
 - (ii) a minimum quantity of potable water of 25 (twenty five) litres per person per day or 6 (six) kilolitres per household per month:
 - (aa) at a minimum flow rate of not less than 10 (ten) litres per minute;
 - (bb) within 200 (two hundred) metres of a household; and
 - (cc) with an effectiveness such that no consumer is without a supply for more than 7 (seven) full days in any year.
- (2) The amount of the tariffs so calculated will be set out and published in the Tariff Schedule, and shall be approved by the Council at the time of the approval of the annual budget of the Municipality.

20. REFUSE REMOVAL

- (1) General principles regarding the calculation of the refuse removal tariff:
- (a) Refuse removal is an economic or trading service and tariff calculations should be based on the actual cost incurred in delivering the service plus a surplus.
 - (b) A consumer who chooses to do his/her own refuse removal will still be liable for paying the applicable refuse removal tariff on the basis of the availability of the service.



MHLM TARIFF POLICY

- (c) The tariff levied by the Municipality shall be based on the category of property as determined in the valuation roll and/or the category of the consumer, or a combination of both.
- (d) The following tariff structures shall be used for the determination of tariffs:
 - (i) Residential (domestic customers) – maximum of one removal per week.
 - (ii) Flats / Town Houses / Duet Houses – maximum of one removal per week.
 - (iii) Business / Commercial / Industrial (Non – Bulk) – maximum of two removals per week.
 - (iv) Business / Commercial / Industrial (Bulk) – Individual arrangements.
 - (v) Special tariff arrangements determined and approved by Council from time to time for specific developments and/or consumer and/or informal settlements.
- (2) The amount of the tariffs so calculated will be set out and published in the Tariff Schedule, and shall be approved by the Council at the time of the approval of the annual budget of the Municipality.

21. SEWERAGE

- (1) General principles regarding the calculation of the tariff for sewerage:
 - (a) Sewer service is an economic service and tariff calculations should be based on the actual cost incurred in delivering the service.
 - (b) The following tariff structures shall be used for the determination of tariffs:

MHLM TARIFF POLICY

- (i) The tariff levied for sewer charges is based on the category of the property as per the provisions of the Tariff Policy of the Municipality and/or a rate linked to the consumption of water by the property.
 - (ii) Special tariff arrangements determined and approved by Council from time to time for specific developments and/or consumers and/or informal settlements.
- (c) To calculate the tariff for sewerage the Municipality must also take into account the minimum standard for basic sanitation services, as prescribed in terms of regulation 2 of the Regulations Relating to Compulsory National Standards and Measures to Conserve Water, Published under Government Notice R509 in Government Gazette No 22355 of 8 June 2001 and promulgated in terms of the Water Service Act, Act 108 of 1997, which are as follows:
 - (i) the provision of appropriate health and hygiene education; and
 - (ii) a toilet which is safe, reliable, environmentally sound, easy to keep clean, provides privacy and protection against the weather, well ventilated, keeps smells to a minimum and prevents the entry and exit of flies and other disease-carrying pests.
- (2) The amount of the tariffs so calculated will be set out and published in the Tariff Schedule, and shall be approved by the Council at the time of the approval of the annual budget of the Municipality.

22. PROPERTY RATES

- (1) The rate levied by the Municipality will be a cent amount in the Rand based on the market value of the property and in accordance with the provisions of the Rates Policy and By-Law of the Municipality.

MHLM TARIFF POLICY

- (2) In terms of the provisions of the MPRA the Municipality may levy different rates for different categories of rateable property. Differential rating among the various property categories will be done by way of setting different cent amount in the rand for each property category and by way of reductions and rebates as provided for in the Rates Policy and By-Law of the Municipality
- (3) In terms of the provisions of section 17(1)(e) of the MFMA the Rates Policy and By-Law of the Municipality must be reviewed on annual basis and the reviewed policy tabled to Council for approval as part of the budget process.
- (4) The various categories of ratepayers shall be charged at the applicable rates, as set out in the Tariff Schedule and as approved by the Council as part of each annual budget.

23. SUNDRY TARIFFS

- (1) Various sundry tariffs are applied to recoup costs of sundry services to the public. All such tariffs are based on the actual cost of supply, but individual tariffs may be set at:
 - (a) subsidised levels;
 - (b) levels reflecting actual cost; or
 - (c) levels producing surpluses.
- (2) The level at which the Municipality sets a sundry service tariff, takes into account factors such as:
 - (a) affordability;
 - (b) socio-economic circumstances;
 - (c) utilisation of amenities and resources;

MHLM TARIFF POLICY

- (d) national and regional agreements and provisions; and
 - (e) any other factors influencing such decisions.
- (3) Sundry tariffs and structures will be revised at least once a year, during the annual budget process.

24. INDIGENT SUPPORT

In terms of the Indigent Policy of the Municipality, the Municipality will provide indigent support to Registered Indigents. The qualification criteria, assistance procedures and the extent of the indigent support are all extensively dealt with in the Indigent Policy of the Municipality. The calculation of the subsidy and support to be provided to Registered Indigents is set out in **Schedule "A"** to this policy.



CHAPTER 5

MISCELLANEOUS PROVISIONS

25. THE CONTENTS OF THE TARIFF SCHEDULE

The Tariff Schedule may contain fees, charges or tariffs pertaining to matters which were not specifically dealt with or addressed in this policy, but which are calculated, established, determined, applied, levied or charged in terms of other legislation applicable to the Municipality, or in terms of other by-laws of the Municipality. Such fees, charges or tariffs are deemed to be levied or charged in terms of this policy and the general provisions contained in this policy regarding the levying or charging of fees, charges and tariffs apply *mutatis mutandis* thereto.

26. PUBLIC PARTICIPATION IN RELATION TO TARIFFS

- (1) The purpose of publishing tariffs is to assist the Municipality to communicate transparent and understandable tariffs to the local community, and also to provide the opportunity to all members of the community to make comments on and inputs regarding the calculation and establishment of the said tariffs.
- (2) In terms of the provisions of section 22 of the MFMA, the accounting officer of the Municipality must immediately after the annual budget is tabled in the Council, which may be no later than 90 (ninety) days before 1 July of each year, and in accordance with the provisions of chapter 4 of the Systems Act:
 - (a) make public the annual budget and the documents referred to in section 17(3) of the MFMA – such documents *inter alia* includes:
 - (i) the draft resolution imposing any municipal tax and setting any municipal tariffs as may be required for the budget year; and

- (ii) any proposed amendments to the budget-related policies of the Municipality.
 - (b) invite the local community to submit representations in connection with the budget, which includes the tariffs as proposed by the Municipality for the next budget year.
- (3) In terms of the provisions of section 21A of the Systems Act, all documents that must be made public by the Municipality, as referred to above, must be conveyed to the local community by:
- (a) displaying the documents at the Municipality's head and satellite offices and libraries;
 - (b) displaying the documents on the Municipality's official website; and
 - (c) notify the local community of the place(s), including the website address, where detail particulars concerning the documents can be obtained.
- (4) The Municipality shall also notify the local community in terms of the provisions of section 21 of the Systems Act of the abovementioned by publishing a notice in a newspaper, circulating in its area and determined by the Council as a newspaper of record. The said notice must:
- (a) inform the local community that the annual budget is tabled in the Council;
 - (b) inform the local community that a copy of the annual budget is available for public inspection during office hours in the main administrative office of the Municipality and other specified places as determined by the Municipal Manager;
 - (c) invite the local community to submit written representations in connection with the budget, within 30 (thirty) days after the date on which the notice was displayed;



MHLM TARIFF POLICY

- (d) inform the local community that any person who cannot write may come during office hours to the main administrative office of the Municipality or other specified places as determined by the Municipal Manager, where a staff member of the Municipality named in the invitation, will assist that person to transcribe that person's comments or representations; and
 - (e) inform the local community of the website address of the Municipality where detailed particulars concerning the budget documentation can be obtained.
- (5) A copy of the above mentioned notice must also be displayed at the municipal offices and other specified places as determined by the Municipal Manger of the Municipality.
- (6) The Municipality shall also, its resources permitting, seek, in terms of the provisions of section 21 of the Systems Act, to convey the information as contained in the notice, to the local community by means of radio broadcast covering the area of jurisdiction of the Municipality.
- (7) In terms of the provisions of section 23 of the MFMA, the Council shall consider any views of the local community on the budget, as raised during the public participation process referred to above.
- (8) Subsequent to the Council considering the views expressed by the community on the budget, the Council shall give the Mayor an opportunity to also respond to the submissions, and if necessary, to revise the budget and table amendments for consideration by the Council.

MHLM TARIFF POLICY

- (9) The Council of the Municipality must at least 30 (thirty) days before the start of the budget year (i.e. 1 July of each year) consider approval of the annual budget.
- (10) An annual budget must be approved by the Council, before the start of the budget year.
- (11) An annual budget must be approved together with the adoption of resolutions as may be necessary, setting, *inter alia*, any municipal tariffs for the budget year, and approving any changes to the Municipality's budget-related policies. The municipal tariffs set will be contained in the Tariff Schedule.
- (12) After the annual budget is approved by the adoption by the Council of the abovementioned resolutions with a supporting vote of a majority of its members, the Municipal Manager shall without delay:
 - (a) conspicuously display a copy of the resolution, imposing tax and setting any municipal tariffs as may be required for the budget year, for a period of at least 30 (thirty) days at the main administrative office of the Municipality, and at such other places within the area of jurisdiction of the Municipality to which the public has access as may be determined by the Municipal Manager;
 - (b) publish a notice, in a newspaper of general circulation within the area of jurisdiction of the Municipality, containing the following information:
 - (i) confirmation that the resolution, imposing municipal tax and setting any municipal tariffs as may be required for the budget year, has been passed by the Council;
 - (ii) that a copy of the abovementioned resolution is available for public inspection during office hours in the main



administrative office of the Municipality and other specified places as determined by the Municipal Manager; and

- (iii) the date on which the levying of the fees, charges and tariffs will come into operation.
- (c) seek to, its resources permitting, convey the information as contained in the notice, to the local community by means of radio broadcasts covering the area of jurisdiction of the Municipality.

27. REVISION AND PHASING IN OF FEES, CHARGES OR TARIFFS

- (1) The Municipality must annually review the fees, charges or tariffs set out in the Tariff Schedule of the Municipality, which process will take place prior to the annual budget being tabled before the Council at the meeting of the Council to be held no later than 90 (ninety) days prior to the commencement of the financial year.
- (2) Once the Council approved the fees, charges and tariffs at its meeting to be held no later than 30 (thirty) days prior to the commencement of the financial year, the Municipality may not, in terms of the provisions of section 28(6) of the MFMA, increase the fees, charges or tariffs during a financial year, except when required in terms of a financial recovery plan.
- (3) Where the newly calculated fees, charges or tariffs differ substantially from the current tariffs, the Council may resolve to phase in the differences over a period of time.
- (4) The Municipality may levy and charge the fees, charges and tariffs approved by Council when Council adopted the annual budget of the Municipality from the commencement of the financial year i.e. 1 July, unless Council has

MHLM TARIFF POLICY

resolved to phase the fees, charges and tariffs in over a period of time as referred to above.

28. REBATES

Rebates are allowed in accordance with the Tariff Schedule as determined by the Municipality annually and in terms of the Rates Policy and By-Law of the Municipality.

29. BY-LAWS

The principles contained in this policy will be given effect to and implemented by the Tariff By-Law of the Municipality, which By-Law shall be adopted in accordance with the provisions of section 13 of the Systems Act.

30. IMPLEMENTATION AND REVIEW OF THIS POLICY

- (1) This policy shall be implemented once approved by Council as part of the budgetary policies of the Municipality, as referred to in the provisions of regulation 7 of the Municipal Budget & Reporting Regulations, 2008, and section 17(3)(e), section 21(1)(b)(ii)(bb), section 22(a)(i) and section 24(2)(c)(v) of the MFMA.
- (2) In terms of the provisions of section 17(1)(e) of the MFMA this policy must be reviewed on annual basis and the reviewed policy tabled to Council for approval as part of the budget process.

31. AVAILABILITY OF POLICY AND BY-LAWS

MHLM TARIFF POLICY

- (1) A copy of this policy and the Tariff By-Law of the Municipality shall be included in the Municipality's Municipal Code as required by the provisions of section 15 of the Systems Act.
- (2) The Municipality shall take all required legal steps to inform consumers, debtors, owners and occupiers of the content of this policy.
- (3) A copy of this policy and the Tariff By-Law of the Municipality shall be available for inspection at the offices of the Municipality at all reasonable times.
- (4) A copy of this policy and the Tariff By-Law of the Municipality may be obtained from the Municipality against payment of an amount as determined by the Council.

32. SHORT TITLE

This policy shall be called the Tariff Policy of the Maquassi Hills Local Municipality.



SCHEDULE "A"

THE CALCULATION OF THE INDIGENT SUPPORT SUBSIDY

- (a) Where the total gross monthly income does not exceed R4 000.00 (two state pensions) per indigent household per month (as set out in the Indigent Policy), the services effected will be subsidised as follows:

- (b) All Registered Indigents, registered in terms of the provisions of the Indigent Policy of the Municipality, shall be fully subsidised for the payment of property rates. The subsidy shall not be more than the applicable rate for that year, and will be applied for the duration of that particular financial year.



SCHEDULE "A"
DRAFT TARIFF SCHEDULE

MINOR MUNICIPAL SERVICES TARIFFS

NR	SERVICE FOR WHICH TARIFF IS LEVIED	STANDARD RATE / FLAT RATE
1.	CEMETERY FEES	
2.	HOUSING RENTAL	
3.	LIBRARY FEES, BEING	
	(a) Membership Fees	
	(b) Fines	
	(c) Lost Books	
	(d) Lost Membership Cards	
4.	RENTAL FOR UTILISING MUNICIPAL PROPERTY AND MUNICIPAL SPORTS GROUNDS	
5.	LEASE OF MUNICIPAL PROPERTY	
6.	BUILDING PLAN FEES	
7.	ADVERTISEMENT SIGN FEES	
8.	PLASTIC BAG SALES	
9.	REFUSE BIN SALE	
10.	CLEANING OF OVERGROWN STANDS	
11.	CONNECTION FEES FOR MAJOR MUNICIPAL SERVICES	
12.	PHOTOCOPIES AND FAXES	
13.	CLEARANCE CERTIFICATE MEMORANDA	
14.	POUND FEES	

MHLM TARIFF POLICY

15.	CLEANSING OF SEWERAGE BLOCKAGES	
16.	ELECTRICITY OR WATER DISCONNECTION AND RECONNECTION FEES	
17.	THE PROVISION OF INFORMATION OR COPIES OF RECORDS FROM THE MUNICIPALITY 'S RECORDS	



PROPERTY RATES

NR	SERVICE FOR WHICH TARIFF IS LEVIED		RATE EXPRESSED AS CENTS IN A RAND
1.	RESIDENTIAL PROPERTY		
	(i)	Residential property	
	(ii)	Vacant residential property	
2.	BUSINESS AND COMMERCIAL PROPERTY		
3.	INDUSTRIAL PROPERTY		
4.	MINING PROPERTY		
	(i)	Mining property	
	(ii)	Vacant land zoned for mining	
5.	PUBLIC SERVICE INFRASTRUCTURE PROPERTY AND PRIVATE SERVICE INFRASTRUCTURE PROPERTY:		
	Refers to property utilised to accommodate publicly or privately controlled infrastructure of the following kinds (sub categories):		
	(i)	national, provincial, municipal public roads or private roads;	
	(ii)	water or sewer pipes, ducts or other conduits, dams, water supply reservoirs, water treatment plants or water or sewage pumps forming part of a water, waste water or sewer network serving the public;	
	(iii)	power stations, power sub-stations or power lines forming part of an electricity network;	
	(iv)	railway lines forming part of a national railway	

MHLM TARIFF POLICY

		network;	
	(v)	communication towers, masts, exchanges or lines forming part of a communication network;	
	(vi)	runways or aprons at the municipal airport of the Municipality;	
	(vii)	any other publicly controlled infrastructure as may be prescribed;	
	(viii)	rights of way, easements or servitudes in connection with infrastructure mentioned in sub-paragraphs (3)(e)(i) to (3)(e)(viii) above	
	(ix)	private owned towns; or	
	(x)	private open spaces;	
6.	MUNICIPAL PROPERTIES		
	(i)	Municipal property: not rateable:	
	(aa)	public service infrastructure owned by the Municipality, including Public Service Infrastructure Property And Private Service Infrastructure Property;	
	(bb)	waste-dump sites;	
	(cc)	municipal burial grounds and adjacent public open space within the burial ground precinct;	
	(dd)	property used for the provision of public parks and zoned as public open space and includes undeveloped municipal property which is for the purposes of this policy deemed to be public open space;	
	(ee)	property used for culture, sporting and recreational facilities other than property subject to a registered lease in terms of the Formalities	

MHLM TARIFF POLICY

			in respect of Leases of Land Act, Act 18 of 1969, in which case the area subject to the lease shall be separately rated; and	
		(ff)	municipal housing schemes.	
	(ii)	Municipal property: rateable:		
		(aa)	property leased to third parties in terms of a lease registered in terms of the Formalities In Respect of Leases of Land Act, Act 18 of 1969. Where property owned by the Municipality is leased to a third party, the rating thereof shall be the prevailing rating applied to the principle property; and	
		(bb)	municipal property used for purposes other than under "Municipal property: not rateable".	
7.	AGRICULTURAL/FARMING PROPERTY			
		Agricultural Residential		
		Agricultural Business		
		Agricultural Industrial		
		Agricultural Game Farming		
8.	STATE-OWNED OR ORGAN OF STATE-OWNED PROPERTY (ALSO REFERRED TO AS "GOVERNMENT PROPERTY")			
9.	SMALLHOLDINGS USED FOR			
	(i)	bona fide agricultural/farming purposes		
	(ii)	residential purposes		
	(iii)	mixed use		
	(iv)	industrial purposes		
	(v)	business and commercial purposes		

MHLM TARIFF POLICY

	(vi)	any other purpose than those specified above	
10.	PROTECTED AREAS		
11.	PROPERTY USED FOR MULTIPLE PURPOSES		
12.	EDUCATIONAL		
13.	PUBLIC BENEFIT ORGANISATION PROPERTY		
14.	PROPERTY USED FOR RELIGIOUS PURPOSES		



MHLM TARIFF POLICY

ELECTRICITY TARIFFS

NR	SERVICE FOR WHICH TARIFF IS LEVIED	STANDARD RATE / FLAT RATE
1.	RESIDENTIAL (DOMESTIC) CONSUMERS	
	(a) Consumers with Conventional Meters:	
	(b) Consumers with Pre-Paid Facilities:	
2.	COMMERCIAL/BUSINESS CONSUMERS	
	(a) Consumers with Conventional Meters	
	(b) Consumers with Pre-Paid Facilities:	
3.	BULK CONSUMERS	
	Tariffs for these Consumers are calculated as follow	
4.	OTHER	
5.	REGISTERED INDIGENTS	
	(a) Free 50kWh of electricity for Registered Indigents on the National grid.	
	(b) R_____ (R70.00 is proposed by the National Policy on Free Basic Alternative Energy) for Alternative Energy for Registered Indigents not on the National grid.	
6.	ELECTRICITY SUNDRY (If any)	
7.	PREPAID ELECTRICITY	
8.	RATIO OF COLLECTION OF ARREARS OR ON ACCOUNTS FROM ANY PAYMENT BEING MADE TO PURCHASE PREPAID SERVICES	70%

MHLM TARIFF POLICY

WATER TARIFFS

NR	SERVICE FOR WHICH TARIFF IS LEVIED	STANDARD RATE / FLAT RATE
1.	DOMESTIC CONSUMERS (NON METERED)	
2.	DOMESTIC/ACCOMMODATION ESTABLISHMENTS (METERED)	
3.	BUSINESS/COMMERCIAL/INDUSTRIAL	
4.	SPECIAL ARRANGEMENTS	
	(list if there are any)	
5.	WATER SUNDRY TARIFFS	
	(If any)	
6.	RATIO OF COLLECTION OF ARREARS OR ON ACCOUNTS FROM ANY PAYMENT BEING MADE TO PURCHASE PREPAID SERVICES.	70%

REFUSE TARIFFS

NR	SERVICE FOR WHICH TARIFF IS LEVIED		STANDARD RATE / FLAT RATE
1.	THE COUNCIL HAS DETERMINED THE FOLLOWING CATEGORIES FOR REFUSE REMOVAL:-		
	(a)	Residential (domestic) consumers:	
	(i)	Flats	
	(ii)	Town Houses / Duet Houses	
	(iii)	Accommodation Establishments	
	(b)	Business / Commercial / Industrial (Non-Bulk)	
	(c)	Business / Commercial / Industrial (Bulk)	
	(d)	Special tariff arrangements determined and approved by Council from time to time for specific developments and/or informal settlements.	
2.	REGISTERED INDIGENTS		
3.	SPECIAL ARRANGEMENTS		
		(List if there are any)	
4.	REFUSE REMOVAL SUNDRY TARIFFS		
		(If any)	

SEWER TARIFFS

N R	SERVICE FOR WHICH TARIFF IS LEVIED	STANDARD RATE / FLAT RATE
	Sewerage tariffs are based on market value of the property and calculated as follows:	
1.	DOMESTIC	
2.	DOMESTIC/ACCOMMODATION ESTABLISHMENTS	
3.	BUSINESS/COMMERCIAL/INDUSTRIAL	
4.	SPECIAL ARRANGEMENTS	
	Special tariff arrangements determined and approved by Council from time to time for specific developments and/or informal settlements.	
5.	ROAD HAULAGE	
	Sewerage being road hauled	
6.	FEES AND CHARGES IN RESPECT OF SERVICES ASSOCIATED WITH ON-SITE SANITATION SERVICES.	
7.	DISPOSAL OF SLUDGE, COMPOST AND MANURE.	
8.	SEWERAGE SUNDRY TARIFFS	
	(If any)	

NOTE: See the formula published by DWAF for the calculation of the additional charge for industrial effluent for the disposal of high strength sewerage to a waste water

MHLM TARIFF POLICY

treatment plant as set out below.

T	Extraordinary Treatment Cost to Consumer
Q	Waste water Volume discharged by consumer in kl
T	Unit Treatment cost of waste water in R/kl
COD	Total COD of water waste discharged by consumer in milligrams/litre and is inclusive of both the biodegradable and non-biodegradable portion of the COD
COD	Total COD of domestic waste water in milligrams per litre
P	Ortho-phosphate concentration of waste water discharged by consumer in milligrams per litre
P	Ortho-phosphate concentration of domestic waste water in milligrams phosphorus per litre
N	Ammonia concentration of waste water discharged by consumer in milligrams of nitrogen per litre
N	Ammonia concentration of domestic waste water in milligrams of nitrogen per litre
A	Portion of the costs directly related to COD
B	Portion of the costs directly related to the removal of phosphates
C	Portion of the costs directly related to the removal of nitrates

DIFFERENT TEMRS	VALUE
T	R0.82/
COD	600 mg/l
	10 mg/l
N	25 mg/l
A	0.6
B	0.25
C	0.15